



DAILY REPORT

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GATT TO EXAMINE PRC CONTRACTING PARTY STATUS BIDS

OW050659 Beijing XINHUA in English 0630 GMT 5 Mar 87

[Text] Geneva, March 4 (XINHUA) -- The Council of the General Agreement on Tariffs and Trade (GATT) today decided to set up a working group to examine China's request for resumption of its status as a contracting party to the GATT.

China formally put forward the request last July and submitted a memorandum on its system of foreign trade February 13, which was handed over to all contracting parties through the secretariat of GATT.

At a conference today, many representatives of contracting countries said the resumption of China's status as a contracting party to the GATT is an important event. They expressed their hope to promote the examination of GATT.

A Brazilian representative said the resumption is not only favorable to China, but also the present contracting countries, especially the developing ones.

Representatives from Hungary and Romania welcomed China's request and memorandum, and called on the working group to be realistic during the examination and complete the work as quickly as possible.

A representative from the European Economic Community (EEC) said China's request has special significance, which was raised at a time when the international poly-system trade is bogged down in difficulty.

He said China's resumption will exert great influence on the GATT and help it overcome the difficulty.

Qian Jiadong, Chinese ambassador to Geneva, reiterated China's determination to adhere to the policy of reform and opening, which is one of the country's "basic national policies."

"China's request for resumption of its status as a contracting party to the GATT is yet another step in this direction. It will no doubt contribute to further expanding economic and trade relations with countries and regions all over the world," he said.

China, he said, will rely mainly on its own efforts for development and modernization. But "we would like also to cooperate with the international community," he added.

He expressed China's readiness to "enter into substantive negotiations with the contracting parties any time as convenient".

As one of the founders of the GATT in 1948, China withdrew from the organization later because of historical reasons and suspended its contracts with it for more than 30 years. In the mid-1970s, China resumed its contacts with the GATT.

XINHUA ANALYZES PROPOSED MIDEAST PEACE TALKS

OW282049 Beijing XINHUA in English 1636 GMT 28 Feb 87

["News Analysis: Can International Mideast Peace Meeting Be Convened in 1987? (by Chen Ruining)" -- XINHUA headline]

[Text] Cairo February 28 (XINHUA) -- Latest Mid-East developments in the past week seem encouraging to the advocates of convening an international conference for peace in the Middle East. However, the prospect for its convening remains a remote possibility.

The joint communique issued Friday in Cairo by Israeli Foreign Minister Shimon Peres and his Egyptian counterpart 'Abd al-Majid calling for holding such a meeting in 1987 rekindled the fading hope following a series of setbacks in the Middle East peace process last year.

The call for holding such a meeting under the sponsorship of the five permanent member states of the U.N. Security Council has been frequent in the past few years.

Both moderates and hardliners in the Arab world have been pressing for it and described it as the only way to solve the Mideast crisis.

The 12-nation European Community, declaring its support for it in a statement adopted at its foreign ministerial meeting in Brussels on Monday, has added weight to the proposal.

Even Washington, which had been firmly opposed to this idea along with Israel in the past years, has tilted a little towards the projected meeting recently in an attempt to pacify the resentment of the Arab states arising from U.S. arms supply to Iran.

When Israeli Premier Yitzhak Shamir visited Washington last week, both President Ronald Reagan and State Secretary George Shultz reportedly advised him to probe the idea of holding the proposed international conference as a way leading to direct talks between Israel and Arab states to ~~ended~~ the Arab-Israeli disputes.

Despite all this, the probability for holding the meeting in 1987 remains low.

The crux of the Arab-Israeli conflict is the Palestine issue. Who will represent the Palestinians at the international conference is a problem in which Israel and the Arab states differed seriously.

While the Arab states recognized the Palestine Liberation Organization (PLO) as the sole legitimate representative of the Palestinian people, Israel and the U.S. insisted to exclude it, smearing it as a "terrorist body."

Meanwhile, the Arab states, Egypt, Syria and Jordan in particular, all have their different views on who should represent the PLO -- Yasir 'Arafat who represents the PLO mainstream? Or the Damascus-based Palestine organizations? Or some pro-Jordan Palestinians in the occupied West Bank?

There have also been a world of differences in the tasks of the international meeting.

The U.S. and Peres of Israel wanted the international meeting to serve only as an intermediate for direct and separate talks between Israel and some Arab states for signing peace treaties like the treaty signed with Egypt in 1979.

Some Arab states pinned their hope on the auspices of the U.N. for recovering the Arab land lost in the 1967 Mideast war, including the holy city of Jerusalem which Israel has declared to be its capital.

Israel's insistence that the Soviet Union and China, two of the five U.N. Security Council permanent member states, must establish diplomatic relations with it before they can attend the meeting added an obstacle to its convening.

The division between Shamir of the Likud group and Peres of the Labour Party on this issue of the Mideast peace international meeting will be another difficulty. Shamir, who has all along opposed the convocation of such a meeting, threatened recently that he would call for an early election of the Knesset (parliament) if Peres forces a showdown on the issue.

Observers here believe that although there has been more support for convening an international Mideast peace conference recently, it seems too optimistic to expect it to be held in 1987.

RENMIN RIBAO COLUMNIST VIEWS LOUVRE AGREEMENT

HK010326 Beijing RENMIN RIBAO in Chinese 27 Feb 87 p 7

["Economic Jottings" by Shan Ren (1472 0086): "After the 'Louvre Agreement'"]

[Text] The Louvre Agreement on stabilizing the U.S. dollar exchange rate was initiated by 6 Western countries in Paris on 22 February.

The dollar exchange rates have been dropping since the conference of the five finance ministers in September 1985. This was originally an attempt by the United States to lower the prices of U.S. export commodities, and to strengthen their competitive power with a view to reducing its trade deficit. But the result was that its trade deficit did not decline while its financial deficit and foreign debt grew. Neither did the demand for U.S. products expand in Japan and Western Europe. Because of the appreciation of their currencies, their economic difficulties have grown with each passing day. The Western countries could not but doubt: Would the devaluation of the dollar alone improve the U.S. trade deficit? [paragraph continues]

Would the continuous devaluation of the dollar lead to a world economic recess? Such doubt on the part of the Western countries turned into anxiety with the appreciation of the deutsche mark early this year. We might as well say that the Louvre Agreement is a compromise with no alternative between the United States, Japan, and Western Europe.

The Louvre Agreement has two essential points, first, to stabilize the exchange rates; and second, to find a way to promote economic growth. However, checking the continuous drop of the dollar exchange rates alone may not step up the economic growth in the United States and Western countries. This is because even if the dollar devaluation is stopped it is doubtful whether a solution will be found through other means, and no answers have been given to a series of questions affecting future economic prospects. For example, how can the U.S. financial deficits be reduced? Will trade protectionism stage a comeback by taking the advantage of the situation? Will the domestic market of Japan and the FRG continue to expand? Who can, and will act as the locomotive of economic growth?

After the Louvre Agreement, a realistic question is whether the countries initialing the agreement will earnestly carry out their obligations. If the agreement is honored, all previous efforts will be wasted and these countries will have to start all over again. Since the Louvre Agreement, the major stock and monetary exchanges of Western countries have leveled off. This has reflected people's wavering attitude regarding the agreement in question. The Louvre Agreement is being tested in a year of trouble for world finance and trade.

1. 3 Mar 87

P R C I N T E R N A T I O N A L A F F A I R S
UNITED STATES

B 1

SHULTZ CONTINUES OFFICIAL VISIT, MEETS OFFICIALS

Visits Dalian City

SK040630 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 3 Mar 87

[Text] U.S. Secretary of State George Shultz and his entourage, accompanied by Liu Huaqiu, director of the American and Oceania Affairs Department under the Ministry of Foreign Affairs, arrived in Dalian City by special plane at noon on 3 March.

Zuo Kun, vice governor of Liaoning Province; (Tang Qishun), vice mayor of Dalian City; and responsible persons from the provincial and city departments concerned greeted them at the airport.

Vice Governor Zuo Kun hosted a banquet in honor of the American guests at the Nanshan Guesthouse in Dalian City.

On the afternoon of 3 March, Shultz and his entourage, accompanied by Zuo Kun and (Tang Qishun), visited Dalian Harbor and the National Center for Industrial Science and Technology Management Development at Dalian.

At the management training center, Shultz delivered a speech entitled "China and the United States; Facing the Economic Challenges of the Future" and met both Chinese and American chief representatives of the management training center; (Jin Tongji), president of the Dalian Engineering College; and Searis, deputy assistant commerce secretary of the United States. He also held a forum with the participation of both Chinese and American professors in the training center, the center's trainees, and representatives of the center's graduates. After the forum, he had a group photo taken to mark the occasion.

At 1630 on 3 March, Shultz and his entourage left Dalian City by special plane for Beijing Municipality. Zuo Kun, (Tang Qishun), and others saw them off at the airport.

Tours Shandong Cultural Sites

GWO41520 Beijing XINHUA in English 1454 GMT 4 Mar 87

[Text] Jinan, March 4 (XINHUA) -- U.S. Secretary of State George Shultz today toured Mount Tai, located in the middle of Shandong Province, and Qufu, the birthplace of Confucius, world famous scholar of ancient China (551-479 B.C.).

Shultz and his party arrived in Jinan, capital of Shandong Province, by special plane this morning.

After taking a short rest at the airport, Shultz drove straight to a point, called "half-way gate to heaven", then reached the peak by cable car.

Shultz wrote in a visitor's book, describing Mount Tai as magnificent as a fairyland. He said he hoped he would visit it again.

In Qufu this afternoon, Shultz and his party visited Confucian Woods, China's biggest man-made forest, the Confucian temple and Manor of Confucius. Shultz expressed his admiration for China's cultural tradition.

This evening Deputy Governor of the Shandong Ma Zhongchen gave a banquet for Shultz and his party.

SHULTZ VISIT SPARKS MEDIA COMMENTARY, ANALYSIS

TA KUNG PAO Views Visit

HK020358 Hong Kong TA KUNG PAO in Chinese 2 Mar 87 p 2

["Political Talk" by Shih Chun-yu (2457 0689 3768): "Shultz Visits China To Enhance Relationship"]

[Text] The Development of Sino-U.S. Relations Is Obvious to All [subhead]

Upon his arrival in China, U.S. Secretary of State Shultz said: "My purpose is to push our relations forward on the basis of our common interests and to try everything possible to reduce the existing differences of opinion."

Shultz left Hong Kong for China yesterday. Before his trip to Beijing, he toured the Li Jiang in Guilin. This was suggested by Chinese State Councillor and Foreign Affairs Minister Wu Xueqian. Enjoying the charming scenery during his tour on the river for three and one half hours, Shultz might feel this way: Although sometimes the river water twists and turns, it will finally flow onward after surmounting obstacles.

At a banquet welcoming Shultz and his wife last night, Wu Xueqian said: In spite of twists and turns, Sino-U.S. relations have witnessed marked development since the announcement of the Shanghai Communique 15 years ago. However, he pointed out: "We should be aware that there are still difficulties and obstacles in Sino-U.S. relations. To bring about long-term and stable development in the relations between the two countries, both sides should continue to make painstaking efforts."

Fifteenth Anniversary of the Shanghai Communique [subhead]

The Shanghai Communique was signed on 28 February 1972 by then U.S. President Nixon and Chinese Premier Zhou Enlai. This communique opened a new chapter in Sino-U.S. relations. There were gatherings in Beijing and Washington 2 days ago to mark the 15th anniversary of the announcement of the communique.

Lord, U.S. ambassador to China, participated in the drafting of the Shanghai Communique. At the gathering in Beijing, he recalled that event saying that at first the U.S. side proposed the habitual diplomatic practice of evading differences of opinion. Premier Zhou objected to this outmoded practice and pointed out that China and the United States should first clarify their different stands and then state the principles both sides might agree on or the fields they might cooperate in. [paragraph continues]

The U.S. side accepted this suggestion. Hence the announcement of the communique, which aroused worldwide repercussions.

Peaceful Coexistence, Developing Cooperation [subhead]

The great significance of the Shanghai Communique is this: Although there is a big difference between China and the United States in terms of social system and ideology, both sides could bring about the normalization of relations and develop friendly cooperation under the principle of peaceful coexistence and opposing hegemonism.

The joint communique on the establishment of diplomatic relations signed by the two countries in 1979 and the joint communique on the U.S. stopping its arms sales to Taiwan concluded by both sides on 17 August 1982 have brought about continuous development in Sino-U.S. relations. The spirit of the Shanghai Communique is still in force. There is no reason to say that improving Sino-U.S. relations will lead to a change in the social system and ideology of either side.

China Persists in Opening Up to the World [subhead]

In the course of building the country into a modern socialist state with Chinese characteristics, China is pursuing an independent and peaceful foreign policy, and it has made great achievements in this regard. In sharing the efforts to defend world peace and promote international cooperation, China determines its policies according to the specific case of each event instead of the differences of ideology. China persists in opening up to the world and is striving to develop cooperation with various countries. If the development of relations is not smooth sailing, both sides should make efforts to overcome the obstacles to such development.

Wu Xueqian said last night that the three joint communiqués signed by China and the United States have pointed a clear direction in their advance.

The spirit of the three joint communiqués is mutual respect, emphasizing respect of sovereignty and territorial integrity. Shultz said during his current visit to China that he had come to promote bilateral relations and would do his best to reduce the existing differences of opinion. This depends on whether he will be able to make effective efforts to remove obstacles to bilateral relations.

WEN WEI PO Editorial

HK041519 Hong Kong WEN WEI PO in Chinese 4 Mar 87 p 2

[Editorial: "China and the United States Exchange Information on National Conditions"]

[Text] U.S. Secretary of State Shultz paid a 5-day visit to China. On the first day, he visited Guilin, enjoying the scenery of Li Jiang. Then he went to Beijing and met with Chinese leaders Deng Xiaoping, Zhao Ziyang, Li Xiannian, Li Peng, Wu Xueqian, and Zhang Aiping. [paragraph continues]

On the fourth day, he paid a visit to Dalian, making a speech in the Dalian Institute of Industry, and returned to Beijing in the evening for a press conference. He left Beijing for South Korea and Japan on the fifth day. Now his meeting with Chinese leaders has ended. They exchanged views on matters of interest to both sides. According to news reports, the Chinese side mainly talked about China's internal political situation and policies, and Shultz mainly explained the faith of the United States in China and the U.S. China policy.

Before Shultz was ready to start his journey, an American specialist said that "both countries are in a period of unclear political situation." Another U.S. official said that "At present, there are actually no controversial issues that may bring about clashes between both sides." These views were generally in conformity with reality. It was inferred that the main purpose of Shultz's China visit this time was to exchange views and national conditions through high-level contacts rather than ironing out differences and controversies. This can be proved by the details of the talks between both sides.

Referring to China's political situation, the antiliberalization drive is an inevitably a result of the development of the situation. There is nothing unclear. But conjectures abroad are hard to avoid. Just before Shultz took his trip, some "Sinologists," including Oksenberg, former official in charge of China's affairs in the National Security Council, submitted a joint letter to the House of Representatives, in which they likened China's current struggle against bourgeois liberalization to the Anti-rightist Struggle in 1957 and the Cultural Revolution in 1966. Some specialists and scholars even cried out in alarm that there would be new personnel and policy changes in China as well as changes in the relationship between China, the United States, and the Soviet Union.

It is true that the Soviet Union is readjusting its China policy, such as giving up its former stand on the Sino-Soviet border issue and agreeing to take the main channel of the boundary river as the boundary of the two countries. This effort resulted in the restoration of Sino-Soviet talks over the boundary question. At the same time, it declared its intention to withdraw its troops from Afghanistan within 2 years and proposed to seek a peaceful settlement of the Cambodian question. Its attitude is not as hard as before. In diplomatic circles, it was also said that Gorbachev has invited Zhao Ziyang and Wu Xueqian to visit the Soviet Union. Meanwhile, Wu Xueqian is also preparing for a trip to Eastern Europe. The United States is paying great attention to the changes in Sino-Soviet relations. In his speech made in Dalian, Shultz emphasized the importance of Sino-American cooperation. This also reflects the intention of the United States.

A new situation has also appeared in the United States, which was described by Deng Xiaoping as Reagan "encounters some small troubles." The clandestine diplomatic activity between the United States and Iran exposed that the Reagan Administration is unwise and incompetent. It aroused opposition in the Congress and resulted in personnel changes in the government and a decline in Reagan's prestige. Naturally, whether Reagan can effectively lead the country in the future is also a matter of concern on the Chinese side.

Although Li Xiannian also talked about the Taiwan issue, it seems that this was not the main topic for discussion during the talks, but a reiteration of China's stand.
[paragraph continues]

Shultz said before the talks that he would raise several questions during the talks, including the struggle against bourgeois liberalization, the incident of the American reporter Lawrence MacDonald being expelled from China, and the question of whether China has sold weapons to Iran. This was chiefly aimed at sounding out changes in China's internal and external policies. The meeting of Chinese and U.S. leaders can be summed up as a meeting to exchange national conditions so that Sino-U.S. relations may be steadily developed on the basis of deepening their mutual understanding.

In 1984, Zhao Ziyang and Reagan exchanged their visits. In 1985, Li Xiannian and Bush exchanged visits. In 1986, it was originally decided that Hu Yaobang would pay a visit to the United States, but he did not, and Weinberger came to visit China. From this, we can see that the maintenance of high-level Sino-U.S. contacts is a clear trend in the readjustment and promotion of bilateral relations.

HSIN WAN PAO Column on Visit

HF041322 Hong Kong HSIN WAN PAO in Chinese 4 Mar 87 p 1

["News Talk" column: "Shultz' Assessment of China's Political Situation"]

[Text] U.S. Secretary of State George Shultz ended his visit to Beijing today and left for Jinan to climb Mount Tai and visit the hometown of Confucius.

Before leaving for China, Shultz had said that he would accomplish three tasks during his Beijing visit. The first task would be to learn more about the present political situation in China. The second task would be to exchange views with the Chinese leaders on major international issues. The third task would be to discuss Sino-U.S. relations.

Yesterday, after meeting with Deng Xiaoping, Shultz flew to Dalian to deliver a speech. The China Industrial Scientific and Technological Administrative and Training Center in Dalian is an administrative personnel training organization jointly run by China and the United States. There, Shultz delivered a speech entitled "The Economic Challenges Facing China and the United States in the Future," discussing China's present economic situation and Sino-U.S. economic cooperation.

Shultz particularly held that the Americans need to know more about China. In order to become more competitive, American entrepreneurs must clearly understand the particular needs of the Chinese market. American entrepreneurs must be patient and imaginative and be ready to make use of the various opportunities created by the efforts made by China and the United States in opening up each other's markets.

Obviously, what Shultz stressed was that both sides should strengthen mutual understanding in terms of both the economic atmosphere and the political atmosphere.

At the press conference held yesterday evening, Shultz summarized the information concerning China's domestic situation, which he had obtained during his visit to Beijing, into seven points. Among the seven points, there was not only objective information but also his own views.

Generally speaking, Shultz realized: The Chinese people have found a road leading to the realization of modernization, which they have been looking for for years. The road is, in the words of the Chinese themselves, socialism with Chinese characteristics. This road consists of both opening up to the world and relaxing control at home, namely, the reforms. "Total westernization" is not an answer needed by China, but China will absorb and make use of the good ideas of others.

The following points are obviously the understanding Shultz reached after arriving in Beijing and taking account of the recent change in China's politics. He thought that present developments should not be viewed as backtracking. Past generations are the roots of today's contradictions. The present policies have been implemented for several years and people's livelihood has shown a great improvement. Therefore, China has many reasons not to change the present policies but to continue to open itself up in its own way and to further modernize itself in the future. This is the assessment of China's political situation made by a government official of a Western country, the secretary of state of the United States. This portion of the speech made by Shultz at the press conference will be conducive to overseas personages strengthening their understanding of China and to the further development of Sino-U.S. relations.

During his talks with Shultz yesterday, Deng Xiaoping also talked about these two aspects. First, China has a population of 1 billion, so China can only take the socialist road. Second, China will not be able to shake off its backwardness without a stable political situation.

According to the reports surrounding the meeting between Deng Xiaoping and Shultz, after Deng talked about the question of bourgeois liberalization, Shultz expressed his gratitude to Deng for giving him a briefing on the situation. Shultz said that the United States attaches great importance to Sino-U.S. relations. Deng said that it was nice to hear that, and that the two sides share the same view on this question.

Before Shultz left for Beijing, some people said that Shultz would raise such issues as the "Voice of America," the American reporter Lawrence MacDonald, who was working for AFP and who was asked to leave China, and so on. After reading the above reports, people can easily understand the actual result regarding these issues.

BEIJING ROUNDUP NOTES WHITE HOUSE SHAKE UP

OW041257 Beijing in English to North America 0000 GMT 3 Mar 87

[(Zhang Bao) roundup]

[Text] In the latest chapter of the Iran arms scandal, U.S. President Ronald Reagan last week accepted the resignation of White House Chief of Staff Donald Regan. The President named his successor a former Tennessee Senator Howard Baker. In today's roundup, (Zhang Bao) looks at the circumstances surrounding the White House shake-up.

Donald Regan resigned on Friday, 1 day after the investigation commission severely criticized his role in the secret arms sale to Iran and the diversion of the funds to the Nicaraguan rebels.

Observers say Donald Regan never adapted to the world of politics and foreign affairs. Yet, he did his best to influence Washington's foreign policy. As a top aide at the White House, Donald Regan is blamed for failing to dissuade President Reagan to abandon the Iran initiative. In addition, the investigation committee says he must bear primary responsibility for the chaos that descended upon the White House after the sale of arms to Iran became public. Since he took office as chief of staff 2 years ago, relations between the White House and the Congress have grown increasingly tense. He has been accused of knowing little about Congress and not caring for negotiations with it. In sharp contrast, the newly appointed chief of staff is experienced. Howard Baker was a senator for 18 years and guided dozens of government bills through Congress when he was the senate majority leader. No wonder, congressmen, government officials as well as the public had praised the appointment. They believe Howard Baker is the best choice President Reagan could make to help the administration regain its stature and control. Baker is also familiar with foreign affairs because he used to sit on the Senate Foreign Relations Committee. People believe he will make practical and positive suggestions to improve relations between the East and the West. Also, he will probably contribute to the arms control talks with the Soviet Union, since he has always supported close ties between the two superpowers. Still, there are some obstacles on the road to progress. The scandal of the arms sale is not over yet. The Senate and House Investigation Committees must both finish their investigations. Two major figures in the affair -- Former National Security Adviser John Poindexter and his aide Oliver North are yet to testify. Secondly, no one knows how well Howard Baker and his new boss will get along. The two men had disagreed in the past and there will no doubt be arguments in the future. Certainly the resignation of Donald Regan has paved the way for the new start for the Reagan administration. However, only time will tell whether President Reagan can regain his credibility and prestige.

BEIJING JOURNAL DISCUSSES REAGAN AS 'LAME DUCK'

HK031025 Beijing SHIJIE ZHISHI in Chinese No 4, 16 Feb 87 p 7

[Article by Xin Peihe (2946 3099 0768): "Has Reagan Really Become a 'Lame Duck' President?" -- first paragraph is SHIJIE ZHISHI introduction]

[Text] Reagan lost the mid-term election, and the "Irangate" incident is under investigation. He now faces a grave situation. Many people are of the opinion that he will not be able to bring his skills into better play. Has he really become a "lame duck" president? Please read the analysis in the following article.

Some people say that Reagan has stepped into his last 2 years of presidency at an unfavorable time. This unfavorable time is characterized by two points: One is that the Senate and the House of Representatives are completely controlled by the Democrats and the other is the so-called "Irangate" incident and the failure of the Iceland summit talks. These two points have made Reagan very passive in the political and diplomatic fields. According to this situation, how should we appraise the basic trend of Reagan's domestic and foreign policies for the coming 2 years?

His Basic Policy Will Not Change [subhead]

Reagan's basic domestic and foreign policies have fallen into a fixed pattern after 6 years of operation since he entered the White House in 1981. In politics, he relies on the rightist conservatives force; in the ideological field, he draws support from conservative and nationalist feelings. [paragraph continues]

Domestically, he has reduced the rate of increase of the federal government's expenditures, cut taxes and welfare expenditures by a large margin, and increased military spending. He also strives to bring about sustained economic increases under inflation. Internationally, on the basis of increasing domestic strength, he adopts a hard-line policy toward the Soviet Union and strengthens the U.S. position in leading its allies. It is precisely these policies that have enabled Reagan to enjoy a high reputation in the country and to enhance the U.S. position in the world. Now Reagan has stressed that he will pursue the "Reagan revolution" during the last 2 years of the presidency. In addition, to enable the Republican candidates to win the 1988 presidential election, Reagan will continue to maintain the stability and consistency of his policies. To obtain majority support under the present circumstances, Reagan will, of course, adjust some of his specific policies, but there will be no change in his basic policies.

The Situation Is Superior to Men [subhead]

Public opinion generally maintains that it does not seem quite possible that Reagan can bring his ability into better play during the coming 2 years. This is independent of his will. The reasons are simple. First, as there is not much time left in his remaining tenure of office, he cannot engage himself in any big operations. Second, Reagan will be restricted by the distribution of power and the bureaucratic system; and as the presidential election draws near, the opposition party will launch certain political campaigns. Moreover, as the "Irangate" incident is still under investigation, differences of opinion in the Reagan ranks keep increasing. Third, Reagan is faced with very knotty economic problems, such as how to reduce the financial deficit of \$221 billion and the foreign trade deficit totaling \$170 billion as well as how to ensure a continuous growth of the U.S. economy.

Viewed from the diplomatic angle, Reagan's main purpose is to contain Soviet expansion and, on the other hand, to conclude a disarmament agreement that is favorable to the United States so as to stabilize U.S.-Soviet relations. Last year should have been the best year for Reagan to fulfill his target. This was because, first, the situation was favorable to the U.S. position and, second, new Soviet leaders needed a breathing spell for economic development. But due to their hegemonic contention, the United States and the Soviet Union could not conclude a disarmament agreement. U.S.-Soviet relations last year were more tense than in 1985. A prominent example is the U.S. break with SALT II. Another example is the Soviet point-blank refusal of the U.S. suggestion on Reagan and Gorbachev exchanging New Year messages. Now the situation is so unfavorable to Reagan that he will find the going tougher in the coming 2 years. This is what people mean when they say the "situation is superior to men."

It All Depends on Human Effort [subhead]

However, has Reagan really become a "lame duck" president, as some people have asked? We are of the opinion that we should also notice conditions favorable to Reagan: Reagan enjoys a certain reputation in the country. In particular, U.S. nationalist feelings and the conservative ideological trend are still in the leading position. The U.S. economy has gained a 49-month recovery. The U.S. national strength is still in a leading position. Kissinger said: "The U.S. position for making bargains is still solid." The problem is whether Reagan can overcome his tendency to overestimate himself, and adopt a practical policy. Although it will be difficult for Reagan to bring his ability into better play, still as the saying goes, "everything depends on human effort."

The Reagan administration will possibly make the following choices:

1) Its domestic policy will be inclined to meet the taste of the majority, on condition that the flavor of the "Reagan revolution" is retained; it will make certain concessions with the Democratic Party and handle well its relations with the Congress; and it will make efforts to reduce the financial and foreign trade deficits so that the growth of the U.S. economy is maintained at a low rate. 2) While continuing SDI and deploying a new generation of weapons, it will keep the annual rate of increase of military expenditures under 3 percent, with the aim of ensuring its favorable position in the arms race with the Soviet Union. 3) It will conditionally abide by the treaty on anti-missile missiles and SALT II; it will conclude partial or principled agreements with the Soviet Union on the deployment of medium-range missiles in Europe, the prohibition of nuclear tests, or the prohibition of chemical weapons. This situation does not rule out the possibility of holding a third summit between Reagan and Gorbachev in 1987. In this way, the United States and the Soviet Union will continue their dialogue and make certain compromises while carrying out their worldwide contention, thereby leaving both countries in a situation that is tense one moment and relaxed the next. 4) It will continue to strengthen its consultations with its allies including Western Europe and Japan with the aim of maintaining their unity and cooperation in repelling Soviet threats. 5) It will continue to stabilize its relations with China. 6) It will not take adventurist actions in Central America.

RENMIN RIBAO ASSESSES WHITE HOUSE TOWER REPORT

HK010752 Beijing RENMIN RIBAO in Chinese 1 Mar 87 p 6

[Article by Zhang Yunwen (1728 0336 2429): "Problems Facing the White House After the Tower Report"]

[Text] Washington, 26 Feb -- After 3 months of work, the U.S. President's Special Investigating Committee headed by former Senator Tower today formally handed over its 300-page report to President Reagan. This committee has investigated and questioned more than 50 people including Reagan and many current and former senior government officials. The committee has therefore been viewed as of more than ordinary importance. President Reagan announced after receiving the report that he would address the American people on the subject next week. Public opinion holds that this address will be related to the question of whether Reagan can get anything done during his last 2 years in office.

The investigation report and the remarks of members of the investigation committee at a press conference today can be summarized as follows: Out of his concern for the American hostages, President Reagan accepted the "mistaken proposals" of certain senior assistant, to the point that the policy being secretly pursued and the public policy laid down by the president ran counter to each other. The president has to take responsibility for the actions of the National Security Council and for their consequences; he was too detached from policy implementation and failed to concern himself with the details; he did not know "what was going on in the White House," and in the end, he lost control over the National Security Council.

The White House has consistently been on the defensive since the U.S.-Iran arms deal was exposed last November. [paragraph continues]

The daily investigation discoveries of the congressional investigating committee and the federal investigation organs have been the main news stories of the day. This situation has been a torture for White House staff, who have been unable to work normally. Due to the fact that the two key figures in this affair, former National Security council adviser Poindexter and staffer North have refused to testify, it has been impossible to dispel the doubts and suspicions. In his State of the Union address early this year, President Reagan attempted to divert people's attention to the issues of trade, competitiveness, the budget, and strategic defense. However the new developments in the Iran affair and the Tower investigating committee's report have again turned the affair into the focus of the nation's attention.

After a special investigator recently granted immunity from prosecution to Hall, North's secretary, she admitted to having helped North destroy documents. People then asked the question of who was attempting to conceal the truth. Since the Iran affair was exposed, many leading White House assistants have left their posts; and White House Chief of Staff Regan was severely criticized by the President's investigating committee and accused of bearing prime responsibility for the affair, because he caused confusion in the White House by failing to handle things properly after the incident occurred. For quite a time now, Republican Party bigwigs, including the President's wife, have been appealing to the president to relieve Regan of his post.

Public opinion regards the Tower investigating committee's report as an "important chapter" in the investigation of the Iran affair, but not "the last chapter." As the work of the special investigators had just started, two special congressional investigating panels will not be able to start hearings until April. White House officials acknowledge that the shadow of the Iran affair will continue to hang over the capital. Considering that 1988 is a presidential election year, some Republican congressmen have proposed that Reagan admit his mistakes and take responsibility; he should take immediate and decisive action to reshuffle his team and carry out major reforms, to turn things around.

President Reagan said today that he would immediately analyze the report and rapidly take action on its proposals. He said, "I will do everything I have to do and carry out proper reforms to meet future challenges." He will reply to the American people on television and radio next week. However, before "the last chapter" in the Iran affair is completed, it appears that it will be no easy task to recoup the losses caused by the affair and get everything back to normal.

ROUNDUP VIEWS OPPOSITION TO GORBACHEV'S REFORMS

OW050317 Beijing XINHUA Domestic Service in Chinese 0713 GMT 1 Mar 87

[Roundup by reporter Ju Mengjun: The January Plenary Session of the CPSU Central Committee Attracts Worldwide Attention]

[Text] Beijing, 1 Mar (XINHUA) -- The January plenary session of the CPSU Central Committee, at which reform and cadre policy were the major themes, has drawn widespread attention from political circles and world opinion. This important meeting was preceded by the plenary session of the CPSU convened in April 1985, soon after Gorbachev became the CPSU Central Committee General Secretary, and by last year's 27th CPSU Congress.

Public opinion, whether from the West or East, has focused on the following: The CPSU plenary session, held from 27-28 January, has offered "new understanding" of the Soviet social situation and laid down tasks for overall reforms in various fields. The pace of reform in the Soviet Union will be accelerated if the spirit of the plenary session is implemented. On the other hand, however, public opinion in both the East and West has pointed out that there are great obstacles to the Soviet reforms, and difficulties in this regard should not be underestimated.

The January plenary session of the CPSU Central Committee has aroused strong repercussions in socialist countries in Eastern Europe. Hungary, which has initiated a series of reforms in recent years, has expressed support for the new thinking and reforms put forth at this meeting. Matyas Szuros, secretary of the Central Committee Secretariat and the Hungarian Socialist Workers' Party, said the January plenary session of the CPSU Central Committee was a "support and affirmation" of Hungary's reform policy. Polish leader Jaruzelski said the Polish United Workers' Party "supports this reform policy." Bulgarian leaders also praised the meeting, saying it will serve as a "strong driving force" for reform in Eastern Europe's socialist countries. The presidium of the Central Committee of the Communist Party of Czechoslovakia called a meeting on 18 February, stressing that Czechoslovakia will "adopt some proposals set forth at the January plenary session of the CPSU Central Committee in accordance with Czechoslovakia's conditions." GDR leader Honecker stressed during an important report delivered at the meeting of first secretaries of county party committees on 6 February that every country must consider its level of development and specific conditions to decide on different methods of dealing with problems.

Western countries have had differing views on the January plenary session of the CPSU Central Committee. Some said the Soviet reform will thus enter "a new stage"; others said "there will be no fundamental change." The more common view is that Gorbachev has proposed new things and that the Soviet Union is undergoing change. Chancellor Kohl of the FRG held that Gorbachev has decided to walk new paths and "make Soviet society more open and flexible." Tindemans, Belgium's minister of foreign relations, suggested that current political and economic changes in the Soviet Union "are not just a tactical move." Former U.S. Secretary of State Kissinger said that some of Gorbachev's reforms are genuine. But his real difficulties will appear in three or four years. Some experts on Soviet affairs in Western Europe note that "stupendous things are now occurring in the Soviet Union. Gorbachev has staked his future on reform. Results of a genuine reform can in no way be produced in a day or two.

World opinion also took note of Gorbachev's assessment of social conditions and his proposal on cadre policy at the January plenary session of the CPSU Central Committee. Yugoslavia's POLITIKA carried a commentator's article, taking note of Gorbachev's analysis, which delved into the current and historical causes that have led to the immobility of Soviet socialism. Not a single Soviet statesman before Gorbachev has made such an analysis in the past 30 years. Hungary's MAGYARORSZAG, a political weekly, said that Gorbachev has "revealed accumulated problems," showing that he has not chosen "the path of covering up problems." Some foreign journals also have taken special note of Gorbachev's proposal to adopt new standards for appointing cadres. The deciding factor in selecting a cadre will depend on his attitude toward reform. Foreign journals suggested that this standard of cadre selection "is meant to remove cadres who are lukewarm to reform."

Political circles and public opinion in the eastern as well as western countries have commented much about the obstacles, difficulties, and prospects of Gorbachev's reforms. Hungary's MAGYARORSZAG noted in an article on 15 February that there are opponents of the Soviet reforms. Another impediment to reform is that though many people are in favor of reform, they are taking a wait-and-see attitude. Some reports pointed out that some reform measures now being carried out in the USSR, such as the system of state inspection of products, the system of enterprises' responsibility for their own capital, and the election system affect many people's interests. Resistance to the reforms might be generated in these people's minds.

RADIO BEIJING NOTES SOVIET ROLE IN ASIA-PACIFIC

OW041410 Beijing in English to North America 0000 GMT 4 Mar 87

[Text] Soviet Foreign Minister Eduard Shevardnadze is now on a tour of the Asian-Pacific region. This is thought as a new diplomatic initiative to expand the Soviet Union's ties with the countries in the region. Radio Beijing's (Sun Zhangqing) has more:

The Soviet Union has shown increasing interest in the Asia-Pacific region at a time when the traditional American influence is on the decline. In 1985, New Zealand banned U.S. warships that carry nuclear arms from entering its port. Since then, the relations between the two countries have been strained. Washington angered other countries in the region when it recently refused to sign a treaty that makes the South Pacific a nuclear-free zone. American policy to protect its trade has also harmed Washington's ties with these countries. All this has provided a good chance for the Soviet Union to make headway in this part of the world.

In 1983, Moscow normalized its relations with Australia. Two years later, a deputy premier from the Soviet Union visited Indonesia and signed an economic agreement with 60 million American dollars in aid to Jakarta. The Soviet Union has also worked to improve its ties with a number of small island countries in the Pacific.

Washington is alarmed by the expansion of the Soviet influence, and others are also concerned about what the Soviet Union intends to do there. Moscow now has a permanent right of access to the Vietnamese port of Cam Ranh Bay, causing some to worry about its military presence in Southeast Asia. However, although the Soviet Union may be eager to improve its ties, it is unlikely to withdraw its support from the Vietnamese occupation of Kampuchea.

That will win much praise in the Asia-Pacific region, but will offend Hanoi and possibly result in the loss of its strategic footholds at the Cam Ranh Bay. That is why people in the region are particularly interested to hear what Eduard Shevardnadze will tell about this issue during his tour. This could give a clue to Moscow's plan for the region.

RENMIN RIBAO EXAMINES NEW SOVIET ARMS PROPOSALS

HK050740 Beijing RENMIN RIBAO in Chinese 5 Mar 87 p 6

["Jottings" by Liang Fu (5328 1133): "People Are Waiting"]

[Text] Soviet leader Gorbachev issued a statement on 28 February proposing that the question of medium-range missiles in Europe be separated from the "package" scheme of nuclear and space weapons, and that an agreement on this single question be reached as soon as possible to facilitate a breakthrough in the deadlock following the U.S.-Soviet summit in Iceland last year. This has aroused widespread global reaction.

During the U.S.-Soviet summit in Iceland last year, the two sides originally reached agreement in principle on reducing the numbers of long and medium-range nuclear missiles; afterwards, deadlock ensued, because each side clung to its own view on space weapons and would not yield. It is said that the current Soviet proposal to sign a treaty as soon as possible on the single issue of eliminating medium-range missiles in Europe is aimed at winning over Western Europe and improving relations. And as far as the Reagan administration, currently mired in "Irangate," is concerned, if the President is able to reach an agreement with the Soviet Union on the medium-range missile issue during his last 20 months in office, this will be rated as a political success.

Therefore, if the two sides are capable of changing the previous negotiation method of only thinking of imposing limitations on each other in a bid to gain supremacy, and negotiate in all seriousness, then the possibility will still exist of finally reaching an agreement. However, in the past the United States and the Soviet Union have played too many tricks on the question of reducing nuclear armaments, and certain agreements they have reached have seen new problems unexpectedly cropping up, making them impossible to implement. The whole world is now waiting to see what will develop this time.

TRADE DELEGATION ARRIVES IN MANILA FOR TALKS

Attends Banquet

HK050205 Beijing International Service in Tagalog 1130 GMT 4 Mar 87

[Text] A Chinese Government trade delegation arrived in Manila yesterday in order to attend the 10th session of the China-Philippines Joint Trade Committee. During their two day stay in Manila, the Chinese delegation will sign the 1987 trade protocol between the two countries. They will also meet and confer with Trade and Industry Secretary Jose Corapcion. Raul Boncan, undersecretary of trade in industry, hosted a banquet last night in honor of the delegation headed by Chen Zhixiao, departmental director of the Chinese Ministry of Foreign Economic Relations and Trade with Foreign Countries. He expressed hope that trade between the two countries will further develop.

Trade Protocol Signed

OW042119 Beijing XINHUA in English 1848 GMT 4 Mar 87

[Text] Manila, 4 March (XINHUA) -- China and the Philippines today signed a trade protocol for 1987, the first reached between the two countries since the founding of the Aquino government February 25 last year.

Under the protocol signed here, China will import from the Philippines coconut oil, copper concentrates, chrome ore, copper cathodes, lumber, plywood, ferroalloys, natural rubber, phosphatic and compound fertilizers, bananas and other products.

The Philippines is prepared to import from China crude oil, machinery, coal, steel billets, minerals, chemicals, soybean meal, cotton and other commodities.

The protocol stipulates that both sides shall jointly endeavor to achieve more or less balance between the values of imports and exports in their two-way trade.

The volume of trade between China and the Philippines in 1986 totaled 226 million U.S. dollars. Of the sum, China's imports from the Philippines reached 96 million U.S. dollars and exports to the country amounted to 130 million U.S. dollars.

The balance of trade between the two countries has improved. In 1985, China enjoyed a surplus of 156 million U.S. dollars. But in 1986, the surplus was brought down to 34 million U.S. dollars.

The protocol was signed by Chen Zhixiao, head of the visiting Chinese Government trade delegation and departmental director of the Ministry of Economic Relations and Trade With Foreign Countries, and Victor Gosiengfiao, head of the official Philippine delegation and special assistant to the Secretary of Trade and Industry.

Meanwhile, the China-Philippines Joint Trade Committee held its 10th session earlier today. Both sides reviewed with satisfaction the developments of the trade relations.

I. 5 Mar 87

C H I N A
PRC NATIONAL AFFAIRS

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'TEXT' OF DENG'S LECTURE AT 6TH CPC PLENUM

OWO41225 Naha RYUKYU SHIMPO in Japanese 4 Mar 87 Morning Edition p 3

["Full Text" of "Comrade Deng Xiaoping's Lecture at the 6th Plenary Session of the 12th CPC Central Committee"; date not given]

[Text] Opposition to bourgeois liberalization is what I have been talking about most and adhering to most firmly. Why?

First, it is because at present this trend of thought -- that is, liberalization -- exists among the masses (including the youth). Furthermore, there are persons by their side instigating it (the idea of liberalization). The arguments made in Hong Kong and Taiwan all oppose our four cardinal principles and assert that, if capitalism is introduced (into China), modernization can really be achieved.

What is the reality? This kind of liberalization practically means leading our current Chinese policy to follow the capitalist road. Thus liberalization would in fact be liberalization of the bourgeois class. This trend of thought would lead us in the direction of capitalism. Wei Jinsheng (a democratization activist arrested in 1979 and now serving a 15-year prison term), Wang Bingzhang (now leading the China democratization movement in the United States), and Guo Luoji (a Nanjing University professor who advocates democratization) are all representatives of this trend of thought and they try to lead China onto the road of capitalism.

That is why I explained it over and over again. The four modernizations, which we are carrying out, can be summarized in one phrase, the "four socialist modernizations."

Our implementation of the open policy and absorption of some useful things of capitalist society are a means of developing the productivity of socialism.

You should remember. What did we do first after crushing the gang of four (including Jiang Qing) in 1976?

The first thing we did was an NPC resolution to delete (the right to) "air one's views freely, write big-character posters (wall posters), and hold great debates" from the Constitution (at the Third Session of the Fifth NPC from August to September 1980). Why did we do this first?

The fact that there is now this trend of thought (liberalization) explains this. If liberalization was carried out, it would be impossible to maintain a political situation of stability and unity. Liberalization is in fact designed to destroy our political situation of stability and unity.

Without a political situation of stability and unity it would be impossible to carry out construction. Therefore I am against bourgeois liberalization and believe that liberalization of the proletariat should also be opposed. As a matter of fact, there is no proletarian or socialist liberalization. Liberalization in fact opposes our current policy and system, or calls for opposition to them, and complains about them and their reform.

I believe that no liberalization of any kind should exist.

However, in reality there are conditions that want us to carry out liberalization and take us to the capitalist road.

I think that we should talk about opposition to liberalization not only now (at the Sixth Plenum of the CPC Central Committee) but also for 10 to 20 years (to come).

This trend of thought (liberalization) knows of no dead end. Coupled with this, as a result of our opening (policy), many filthy things are bound to enter (from the West). These two combined (liberalization and "filthy things" entering from the West) may give our socialist modernization a distinctive blow.

I think that since liberalization can in fact exist only for the bourgeois class, (the term) bourgeois liberalization should be used. No matter what phrase has been used so far here (at the Central Committee Plenary Session), it is not important.

Actual politics demand that we write down this phrase (opposition to bourgeois liberalization). I recommend that this phrase be used.

(At this point, Comrade Hu Yaobang -- former general secretary -- made the following statement: "After considering it over and over again, our drafting team (of the resolution of the Sixth Central Committee Plenary Session believes that it will be politically advantageous to retain this terminology (in the resolution)."

You had better read carefully the arguments made in Hong Kong and by foreign bourgeois scholars, all calling on us to carry out liberalization. They call for the release of Wei Jinsheng, talk about human rights, and say that we (Chinese) have no human rights. All this is just that (bourgeois liberalization).

However, what we should adhere to is what they (the arguments made in Hong Kong and by foreign bourgeois scholars) oppose and what they hope we will reform. We resolve problems in accordance with our own realities (situation).

ARTICLE ON APPLYING TENETS OF DENG'S 1962 SPEECH

HK041528 Beijing RENMIN RIBAO in Chinese 4 Mar 87 p 4

[Article by Zhong Jiwen (6983 4949 2429): "Uphold and Defend the Principles of Democratic Centralism -- Studying Comrade Deng Xiaoping's Speech at the 1962 Enlarged Central Work Conference"]

[Text] Democratic centralism is our party's basic organizational principle and an important part of Marxist-Leninist theory on party building. Now that we are waging a new struggle to uphold the four cardinal principles and to oppose bourgeois liberalization, restudying Comrade Deng Xiaoping's speech at the "7,000-strong meeting" held in 1962 will be of far-reaching historical significance to the strengthening of party building, the upholding of democratic centralism, the democratization of inner-party political life, and the effort to give full play to the party's role as a core of leadership in socialist modernization.

In light of our party's history and practical experience, we have found that perfecting the party's organizational system has an important bearing on the implementation of the principle of democratic centralism, the normal operation of inner-party political life, and lasting political stability in our party and country.

Democratic centralism, which was completely destroyed by the "gang of four" has been restored since the 3d plenary Session of the 11th CPC Central Committee. However, we must be aware that a small number of party organizations and leading cadres are still violating the principle of democratic centralism from time to time with regard to some important issues under the new historical circumstances resulting from the reform and the opening-up process. Some people are practicing the patriarchal system. They always lay down rules on their own and act arbitrarily without consulting others. Some party organizations have failed to conduct normal inner-party life -- the organizational system is unsound and the system of criticism and self-criticism does not work there. This is one of the important causes of mistakes on the part of some party organizations and party leading cadres. Therefore, the upholding and safeguarding of the party's democratic centralism is, both theoretically and practically, an important problem that our party, as a ruling party, must conscientiously deal with. It must be pointed out that due to historical and practical reasons, the vestiges of a special privilege mentality and decentralism still have influence on some of our cadres who are party members. If we fail to solve this problem properly, it will possibly lead to a situation in which individual leaders act arbitrarily and the "patriarchal system" dominates, or it will reduce the party to a disintegrated organization without combat strength.

Comrade Deng Xiaoping expounded thoroughly and in detail on the principle of democratic centralism at an enlarged central work conference held in 1962. He pointed out definitely that democratic centralism is the basic system which has an important bearing on the fate of both the party and the state. In this connection the party Constitution adopted by the 12th CPC National Congress laid down some definite guidelines. Now the problem is that some party organizations and party-member cadres have failed to strictly observe the requirements laid down in the party Constitution and the guidelines that Comrades Deng Xiaoping put forth in his speech. Therefore, it is indeed necessary to restudy Comrade Deng Xiaoping's speech at the "7,000-strong meeting" and the guidelines regarding democratic centralism laid down in the party Constitution, in order to enhance our understanding, to pay more attention to supervising the implementation of the principle of democratic centralism, and to earnestly adopt it as the basic principle governing all inner-party activities.

Collective leadership is one of the supreme principles for guiding the party's leadership and an important part of democratic centralism. The practice of collective leadership can prevent, by means of the organizational system, individual leaders from acting arbitrarily. It can ensure that our leading bodies at all levels carry forward the democratic work style, pool the wisdom of the masses, correctly handle all matters regarding the fundamental orientation and principle, properly carry out the party's line, principle, and policies, and fulfill their important historical mission. Historical experience has told us again and again that all our party's major mistakes, concerning either overall or local interests, can be attributed to violation of the principle of collective leadership. Therefore, if we fail to strictly observe the principle and to make decisions through collective discussion in handling major issues of important principles, we may cause serious losses to the party and the country when we make mistakes. At present, however, some party organizations still have not yet established strong cores of collective leadership. Some of them are in a state of disunity and are inefficient and slack, with their responsible people each going his own way and the system of collective leadership failing to work. In other party organizations, the principle responsible people are the only and force their opinions upon the organizations. All these go counter to the principle of collective leadership. [paragraph continues]

Therefore, in upholding the principle of democratic centralism in party operation, we must not only get rid of the patriarchal system and the practices of laying down rules one's own and acting arbitrarily, but must oppose decentralism, liberalism, and extreme democracy. Members of party committees at all levels must be fully aware of their roles in the operation of collective leadership. While doing their best to undertake tasks assigned to them, they must always take the overall interests into consideration and take the initiative in safeguarding the principle of collective leadership. This is the basic requirement for the efficient operation of collective leadership. How well the system of collective leadership works depends on the mutual supervision between members of a leading body. And the "head of the leading body" in particular plays a decisive role. A "head of a leading body" must be brave in upholding principles and bearing responsibilities; he must take a clear-cut stand in supporting what is right and opposing what is wrong; he must be glad to listen to different opinions, be adept at pooling the masses' wisdom, and skillfully exercise centralism while giving full play to democracy; and he must not arbitrarily veto any collective decision and replace it with his own decision. Even if his views are correct, he should not force his upon others but try his best to convince others until the majority come over to his side. Otherwise he will violate the principle of collective leadership. As far as this is concerned, Lenin himself set a good example in handling the Brest Peace Treaty with Germany.

Upgrade the quality of dual organizational life meetings of party committees and groups at all levels, and ensure the political and ideological nature of inner-party organizational life and its adherence to principles. Holding dual organizational life meetings is an important measure in carrying out criticism and self-criticism among party members and party-member cadres and to educate, manage, and supervise them. It is also an important form of democratic centralism. At present, dual organizational life meetings are usually of inferior quality and ineffective, and are only a formality. People dare not bring some issues out into the open, as they are too concerned about face-saving, and pay no attention to principle for fear of hurting others' feelings or undermining unity. This has resulted in the unhealthy practice of "giving facts when making self-criticism and expressing hopes when criticizing others," which has vulgarized serious inner-party organizational life. Rigorously enforcing and perfecting the system of inner-party organizational life meetings and upgrading the quality of the meetings are problems that must be solved in the current organizational building. Party committees at all levels must strengthen their leadership over democratic life meetings, promote the unfoldings of active ideological struggle, and treat supervising the ideological style of party members and party-member cadres as an important part of democratic life meetings. Particular attention must be paid to party committees' supervision of their members and to mutual supervision by members of party committees, so as to genuinely bring about good practices and habits. Only thus can our party-member cadres, high-ranking party cadres in particular, conscientiously put themselves under the supervision of party organizations and party members and observe and safeguard the principle of democratic centralism in an exemplary way.

Party leading groups and cadres at all levels must make full use of the form of making comments and appraisals, listen to various opinions of people inside and outside the party, and conscientiously put themselves under the supervision of the masses. This is the mass foundation for properly carrying out democratic centralism. First, leading groups and party member leading cadres at all levels must adopt a sincere attitude, and conscientiously put themselves under the supervision of the masses as ordinary party members. We are thus required to get down off our high horses, to modestly listen to the comments and appraisals made by the masses, and not to conceal our faults for fear of criticism. Second, we must create favorable conditions for the masses exercising democratic supervision by various channels. [paragraph continues]

By such methods as sending people out and inviting people in, we should widely collect people's opinions at different levels and by various channels and then report major problems to leading groups and cadres. Third, in light of their own problems and in accordance with the suggestions put forth by the masses, party leading groups and cadres at all levels must collectively examine their mistakes and problems; correctly sum up experiences and lessons; distinguish between right and wrong; define their own responsibilities; formulate improvement measures; and report to the masses on the situation in a timely way. In short, the masses inside and outside the party commenting on and appraising cadres indicates the party's principle of democratic centralism and the mass line that our party has always adhered to it can not only maintain close ties between the party and the masses, but can also help leading organs make more practical decisions and avoid subjective one-sidedness.

To adhere to the principle of democratic centralism and safeguard collective leadership, we must rely on strict organization and discipline. If we say we failed to strictly enforce discipline in the past, then failing to seriously investigate and handle matters in violation of democratic centralism was a major expression of this. When dealing with matters in this respect in the past, we laid undue stress on ideological education and ignored the important role of discipline in safeguarding the principle of democratic centralism. We were prone to simply view matters of this kind as problems of ideological style and work style. We either criticized or exhorted the persons concerned, or transferred them to other places, but failed to handle the matters as serious violations of organization and discipline. This problem merits our serious attention. Party organizations are thus required to regularly supervise the implementation of democratic centralism and to ensure the party's concerted action in organization and discipline.

To seriously conduct examination and supervision, we must establish a series of perfect systems of democratic centralism and a series of systems of inner-party democratic life settings, so that party leading cadres at all levels can place themselves under the supervision of party rules and law and correctly implement the system of democratic centralism, and will not act freely without any restriction because of their assuming leading posts. Disciplinary measures must be taken against those who ignore organization, refuse to be supervised by others, abuse power, run counter to collective leadership, and undermine democratic centralism.

All in all, to correctly implement the party's principle of democratic centralism, we must strengthen the role of supervision within the party. Only thus can we achieve centralism on a democratic basis and achieve democracy under the guidance of centralism, and can we bring about a lively political situation within the party.

Adhering to democratic centralism and playing a supervisory role have the same purpose, namely, developing inner-party democracy, safeguarding the party's centralism and unification, and bringing into play the role of party organizations as a powerful fighting force. Just as Comrade Deng Xiaoping pointed out: "Our party is united, unified, and powerful. Without democracy, there will be no centralized and unified forever. Such a party is truly powerful. However, only on the basis of democracy and fully developing democracy, is it possible to build such a unified, disciplined, and powerful party."

THEORETICIAN URGES RETURN TO SOCIALIST IDEALS

OW050956 Beijing XINHUA in English 0838 GMT 5 Mar 87

[Text] Beijing, March 5 (XINHUA) — China need not take the capitalist road but from the West it can "draw on what is useful and necessary to its socialist construction," according to leading Chinese theoretician Hu Sheng.

In an article in today's "PEOPLE'S DAILY", Hu, president of the Chinese Academy of Social Sciences, stresses the importance of "discarding the capitalist social and ideological systems that serve to protect exploitation and oppression, as well as all ugly and decadent things of capitalism."

"The socialist system has already struck deep roots in China's soil," he said, adding that it is like a young tree which has already displayed great vitality. "The socialist system will not grow on its own. It must be cultivated, then it will certainly grow into a towering tree."

According to Hu, the socialist system and the capitalist system are adversaries, yet at the same time there exists a relationship of inheritance between the socialist society and the capitalist society.

The two are adversaries because the socialist public ownership can be established only by eliminating the capitalist private ownership. But the material basis for this elimination lies in social mass production, which is prepared under capitalism.

"In overthrowing the rule of the bourgeoisie, the proletariat must inherit and utilize social mass production to build socialism" Hu points out.

Proletarian teachers Marx, Engels and Lenin all made the point, he says, that socialist public ownership makes it possible to expand in the interests of the people.

"This is where the fundamental superiority of the socialist system lies," he comments.

Lenin called for the need to learn from the trust organizers and entrepreneurs and business people with the experience in mass production following the victory of the socialist revolution. Mao Zedong also raised this point on the eve of the victory of the Chinese revolution.

Hu expresses the view that the more "legacies" the socialist society inherits from the capitalist society, the better for socialist construction.

The old Chinese society with an extremely backward economy left very few "legacies" to the new society.

"After starting the socialist course, we must adequately assess the difficulty resulting from an insufficient capitalist 'legacy'," he says, "therefore we must be good at employing various transitional economic forms to build socialism and try hard to draw on the experience and expertise of capitalist mass production, including science, technology and management methods."

Since 1979, China has carried out economic reforms and taken measures to stimulate the urban and rural economies. These include the introduction of the initiative-based responsibility system in rural areas, and encouraging the commodity economy and the private economic sector.

These practices demonstrate that China does not reject the economic experience in the capitalist society. But this in no way means that China is going capitalist, he stresses, adding that these measures are designed to meet the need of China's socialism in the initial stage.

In this initial stage, the policy of opening China to the rest of the world is very important, he notes, "because that policy enables us to draw on what is necessary to socialism and on what we lack from all other countries, including developed capitalist

QIAN WEICHANG ON PRC SINCERITY IN OPENING UP

HK050813 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0820 GMT 2 Mar 87

[Report by Zou Zongbin (6760 1350 1755): "Qian Weichang said: China Is Sincere in Pursuing the Open Policy"]

[Text] Hong Kong, 2 Mar (ZHONGGUO TONGXUN SHE) -- Professor Qian Weichang, a well-known Chinese scientists, said: The publication of the "Chinese edition" of the "Concise Encyclopaedia Britannica" has given expression to China's sincerity in carrying out reforms in opening up to the outside world.

The Chinese edition of "Concise Encyclopaedia Britannica" is a work compiled and translated in a cooperative effort agreed upon between China and the United States in 1980. The ceremony for its first display in the area of Hong Kong will be held at the American Library of Hong Kong this afternoon. Professor Qian Weichang is a member of the Reading and Editing Committee for the work. He has specially come to Hong Kong to preside over the opening ceremony.

Qian Weichang said to this reporter yesterday: The "Encyclopaedia Britannia" has now a history of more than 200 years since its publication in Scotland in 1768. It is the most representative and authoritative work for China in understanding the West. Its having been selected in the compilation of a concise Chinese version of an encyclopedia is an embodiment of China's sincere desire to introduce reforms and open up. In editing the Chinese edition, China has adopted an objective yardstick reflecting the viewpoints of the original text. For example, in the delineation of national boundaries, some of the dividing lines are up to now still controversial. But the Chinese side has allowed translations or maps based on the text, without making any changes. Of course, in the entries on China compiled with the focus on the latter, we want to make clear our own stand. He said: In the book, a lot of data about China has been made public for the first time, such as entries on new discoveries in archaeology and entries on figures like Mao Zedong, Liu Shaoqi, Deng Xiaoping, Zhao Ziyang, Hu Yaobang, and other Chinese Communist leaders. Therefore, the work embodies the spirit of an exchange between Chinese and Western cultures.

Qian Weichang said: In the 5 years of reading and editing the work, Deng Xiaoping received the directors of the U.S. Encyclopedia Britannica Company on three occasions. Zhao Ziyang and Hu Yaobang also met with them. When British Prime Minister Lady Thatcher visited China to initial the Sino-British Joint Declaration in 1984, Hu Yaobang presented an autographed sample copy of this work to her.

The unprecedented importance that top-ranking Chinese Leaders have attached to this book reflects the positive attitude assumed by Chinese leaders toward the implementation of the policy of opening up in international cultural exchanges.

ZHAO ZIYANG REPLIES TO CHILDREN'S LETTERS

OWO40706 Beijing XINHUA in English 0630 GMT 4 Mar 87

[Text] Beijing, March 4 (XINHUA) -- Chinese Premier Zhao Ziyang has written to Chinese children, calling on them to make progress every day and become a new generation of educated and disciplined people with lofty ideals and high moral standards.

Children throughout the country have been involved in a drive to write to veteran revolutionaries, combat heroes, scientists, writers and artists. The drive is sponsored by nine departments, including the Culture Ministry, the State Education Commission and the journal "CHILDREN'S NEWS" in Shanghai.

So far 100,000 children have written to these people, reporting how they study and live. These people are also asked to air their views on ideals and life, and to review their revolutionary experiences and express their expectations on children.

In a letter to all Chinese children on February 24, Premier Zhao Ziyang said that he was "very glad" to have received letters from several children.

"The successful building of socialism with distinct Chinese characteristics requires unremitting efforts of several generations," he went on, "And children will be a vital task force for China's reforms."

The premier expressed the hope that Chinese children will grow morally, intellectually and physically, and thus become a new generation of educated and disciplined people with lofty ideals and high moral standards. He also urged them to carry forward the glorious tradition of revolutionaries of the old generation and accomplish China's modernization program pioneered by them.

Other veteran revolutionaries including Marshals Xu Xiangqian and Nie Rongzheng, have also written back to the children.

RENMIN RIBAO URGES BETTER INNER-PARTY SUPERVISION

HKO40713 Beijing RENMIN RIBAO in Chinese 3 Mar 87 p 4

[Article by Liu Hanzhen, secretary of the Discipline Inspection Commission of the Guizhou Provincial CPC Committee: "Exercise Effective Inner-Party Supervision"]

[Text] The CPC Central Committee's "Resolution on the Guiding Principles for Socialist Spiritual Civilization" points out that "it is necessary to establish and perfect the inner-party supervisory system and the people's supervisory system so that leading cadres at all levels can receive effective supervision."

How to appropriately resolve the problem of exercising effective inner-party supervision over all party members, and party-member leading cadres in particular, has become a prominent issue facing discipline inspection organizations.

Our party is a ruling party. Party cadres hold party and state leading positions and have power in their hands in varying degrees. Every deed and word has an important bearing on the party's line, style, and image. A host of facts have proved that party cadres will commit mistakes and even degenerate once they deviate from the supervision by the party and the people and if there is no restriction on their power. Therefore, exercising inner-party supervision has an important impact on ensuring the party's purity, holding firm to the party's political orientation and political principles, defending party discipline, guaranteeing the implementation of the principles, policies, and decrees of the party and the state, promoting reforms, opening up to the world, and invigorating the domestic economy.

According to the party Constitution, all party members are subjected to supervision, and the party does not allow any party member to refuse supervision. According to the relevant regulations of the state and party Constitutions, supervision should focus on the party's leading cadres at all levels.

In the course of long-term revolutionary struggle and construction, the party has formed a good tradition and formulated many effective systems for exercising inner-party supervision. On the one hand, we should uphold these systems and, on the other, further perfect them in accordance with the new tasks in the new historical period and the needs of reforms, opening up to the world, and invigorating the domestic economy.

1. The party's collective leadership system. Party and state leading groups at all levels should exercise the principle of democratic centralism and carry out the system of collective leadership and division of responsibility. All major problems must be decided through collective discussions, and no one is allowed to put himself above the organization or to deviate from the collective in handling major problems.

2. The party's organizational supervisory system. This supervisory system should be exercised from the higher to the lower levels and vice versa. This includes the following: A) The system of graded supervision, which should be exercised by discipline inspection commissions at various levels according to leading cadres' power. Discipline inspection commissions should also undertake the duty of supervising party committees at the corresponding levels according to the party Constitution. B) The system of organizations at the lower levels reporting to the higher authorities. C) The system of the higher authorities exercising supervision over organizations at the lower levels. D) The system of the higher authorities making regular assessments of organizations at the lower levels.

3. The system concerning the party's organizational life. According to the party Constitution, the party should adhere to the organizational life system, conduct conscientious criticism and self-criticism, and ensure the soundness of ideology, politics, and principles of the party. Leading cadres at and above the county level should practice the double organizational life system. Party organizations at the higher levels and the discipline inspection organs concerned have the responsibility for examining the democratic life of party organizations at the lower levels, with the aim of improving the efficiency of inner-party supervision.

To improve the efficiency of inner-party supervision, it is necessary to dredge the channels of inner-party supervision. These channels consist of party organizations and discipline inspection commissions at all levels, through which inner-party problems are portrayed. Most of the cases of unhealthy conduct involving party organizations in the province have been revealed in letters from the masses, during their visits, or in disputes over economic issues. [paragraph continues]

Some party organizations and discipline inspection commissions only passively handle cases of violating discipline that have already occurred. This situation merits deep consideration. On the one hand, we should continue to welcome the masses to expose inner-party problems; on the other, we should make efforts to strengthen the ideological, organizational, and style construction of inner-party supervisory organs so that they really assume the function of inner-party supervision and improve the efficiency of inner-party supervision.

Also, it is necessary to exercise strict discipline. We should uphold the principle of all men being equal before party discipline and state law, strictly enforce law, and deal with law breakers according to law. It is impermissible to handle problems according to "close relationship" or by seeing whether the one involved is a "big shot," to give "special consideration," or to excuse someone by saying "this is not to be taken as a precedent." Leading organs and party organizations at the higher levels should take the lead in setting a good example for units at the lower levels.

Apart from all this, it is necessary to overcome bureaucracy. Negative factors and decadent phenomena in the party are often concealed and insidious. Supervisory organs can find out about the real situation only by going into the realities of life and listening to the masses' opinions. They should not just listen to what they like and turn a deaf ear to what they dislike. Nor should they jump to conclusions after reading or listening to just one report. They should carry out investigation and study and try to obtain first-hand information before coming to a conclusion. We should be bold in assuming responsibility for the matters within the range of our power, and handle them without delay. The efficiency of inner-party supervision will be greatly improved when bureaucracy is overcome.

PAPER URGES GUIDELINES FOR ANTILIBERALIZATION

HK050741 Beijing JINGJI RIBAO in Chinese 26 Feb 87 p 1

["Today's forum": "Pay Attention to the Seven Demarcation Lines"]

[Text] The central authorities have already given clear instructions and worked out strict regulations on the nature, range, stress, policies, and correct methods of the struggle against bourgeois liberalization. Only when we act in strict accordance with the policies of the central authorities can we ensure that this struggle develop continuously and healthily. At present, when carrying out positive education in the enterprises on the question of upholding the four cardinal principles and opposing bourgeois liberalization, we must also clarify the following problems:

1) Adopting the system of plant director assuming full responsibility is not a practice of weakening and negating party leadership, still less is it an expression of bourgeois liberalization. The purpose of this system is to give fuller play to the role of the party organization in supervising enterprise work, to strengthen ideological and political work, and to adhere to the socialist orientation of enterprises.

2) To carry out reform and experiment in the enterprises, including the experiment in leasing and contract systems, and to invigorate the enterprises through appropriately separating ownership from management are not capitalist practices or expressions of bourgeois liberalization. [paragraph continues]

They are useful explorations on the road of building socialism with distinctive Chinese characteristics.

3) Introducing technology, funds, able people, and suitable management experiences from abroad is not a practice of "all-round Westernization." It is aimed at accelerating our socialist modernization drive and carrying out our basic national policy of opening up to the outside world.

4) Opposing bourgeois liberalization does not mean that we do not encourage socialist democracy. On the contrary, it is aimed at promoting socialist democracy and strengthening the position and role of the workers and staff members as masters of their enterprises and units.

5) The masses of workers and staff members criticizing their leaders for committing mistakes such as bureaucratism and unhealthy practices, or putting forth justified demands for safeguarding their legitimate rights and interests is not an expression of bourgeois liberalization. It is not permitted to use opposing bourgeois liberalization as an excuse to oppress or retaliate on the workers' justified demands and criticisms.

6) The negative attitude of some workers and staff, such as lax discipline and inactivity in work, should be changed through normal ideological education and strengthening management, and should not be indiscriminately linked to bourgeois liberalization. Their problems should be solved in a realistic manner. It is not allowed to take the opportunity of opposing bourgeois liberalization to make the masses suffer.

7) Using Marxist theories to carry out explorations on a series of questions concerning the reform and party, government, and trade union work in the enterprises, such as the study of the position and role of the trade union in the country's political, economic, and social life, and the question of how to make the trade union work independently under the party's ideological and political leadership, cannot be regarded as an expression of bourgeois liberalization. It is necessary to further encourage people to study the new situation and new problems and set forth new ideas.

CHENG MING ON ANTILIBERALIZATION CAMPAIGN

HK040330 Hong Kong CHENG MING in Chinese No 113, 1 Mar 87 pp 16-18

[Article by Pai Yen (4104 6056): "Drastic Actions Taken by Hu Qiaomu and Deng Liqun to Oppose Bourgeois Liberalization"]

[Text] The CPC always follows a rule in launching political campaigns. They first make a wanton and indiscriminate attack; then they shift their attack into a certain field, set a guideline, and turn the campaign into a "government-controlled operation." We can ignore those campaigns launched in the distant past, but we can cite the ones that were launched in the past few years, such as the campaign to "eliminate spiritual pollution," the "movie incident," the "Ma Ding incident," and the campaign to "oppose bourgeois liberalization" which is currently developing in depth. None of these recent campaigns have violated this rule.

The latest campaign stemmed from college students' demand for democracy and freedom. Nowadays, feudal autocracy is subject to the powerful impact of historical trends. Young students' struggle for democracy and freedom, in the hope that the country can keep up with the times, is by no means a transgression. [paragraph continues]

Unfortunately their appeal has been regarded as evil behavior by autocrats who have seized the opportunity to launch the so-called campaign of "opposition to bourgeois liberalization" leading to the downfall of Hu Yaobang, the disgrace of Wang Ruowang, Fang Lizhi, Liu Binyan, and other national elites, and an unfavorable situation for the intelligentsia.

Deng Liqun Is Assuming a Retaliatory Posture [subhead]

The ultra-leftists who have been criticized both at home and abroad in the past couple of years are now ruling the country, relying on support from the supreme leader. Taking the opportunity of the student unrest, they launched a general offensive and won the battle. They are now assuming a retaliatory posture, being swollen with arrogance. Deng Liqun even declared on one occasion: "Some people at home and abroad have colluded with each other in the past 2 years and made attacks on real Marxist-Leninists. We must pay sufficient attention to their move." Since the campaign to "eliminate spiritual pollution" that he launched was boycotted by Hu Yaobang and all the Chinese people, this leftist vanguard has continually been looking for an opportunity to retaliate. Although he left the Propaganda Department of the CPC Central Committee in charge of ideological work, he continues to intervene in the operation of the department in his capacity as a member of the CPC Central Committee Secretariat in charge of ideological work. After the failure of the campaign to "eliminate spiritual pollution," Deng Liqun set himself up as an ultra-leftist in attacking a "movie reviewing exposition" and the American Film Festival. During the American Film Festival, he ordered the dismissal of the film bureau director Shi Fangyu, accusing him of allowing the film "Coal Miner's Daughter," which contains some love-making scenes, to be shown. At the same time, he highly praised a film directed by Wang Haowei -- "A Fascinating Orchestra." He tried to set this film up as an example and use it to make a breakthrough in the field of film and television, thus launching another "Cultural Revolution." But his attempt failed again because of Hu Yaobang's intervention. During the latest student unrest, Deng Liqun acted as a daring vanguard in suppressing the protesting students. Collaborating with some veteran party leaders, Deng Liqun tried to convince or even force Deng Xiaoping to take his side.

Hu Qiaomu Has Come Into the Open To Take His Revenge [subhead]

Hu Qiaomu, another revanchist, immediately rushed out into the open. "Using the pen as a knife," he wrote a series of RENMIN RIBAO editorials, the most truculent being the one published on 6 January and entitled "Take a Clear-Cut Stand in Opposing Bourgeois Liberalism." This article is generally recognized as a signal denoting the escalation of the campaign. In this editorial, Hu Qiaomu fiercely attacked the reformatory faction headed by Hu Yaobang: "It is understandable and very good that certain of our comrades are deeply pained by and extremely sensitive to 'leftist' trends of thought and fiercely struggle against them, for 'leftist' errors have indeed caused profound calamities to our party and people. However, these comrades turn a blind eye and are apathetic toward the trend of thought of bourgeois liberalism. It is now time to wake up."

Launching a General Offensive Based on His Political Sense of Smell [subhead]

Such censure as embodied in this article as a counterattack is indeed unusual. As soon as it was published in RENMIN RIBAO, the readers immediately recognized who the author was. In general it would be incredible that "certain of our comrades" like Hu Yaobang were strongly censured. [paragraph continues]

Although Hu Qiaomu hated Hu Yaobang to the very marrow of his bones, generally speaking he would never have dared attack Hu Yaobang in defiance of world opinion. Therefore, as soon as Hu Qiaomu's editorial was published, people immediately knew that Hu Yaobang was bound to fall. Reports that came out later proved that Hu Yaobang had been fiercely attacked at a Secretariat meeting held on 2 January. Even Hu Qili who was regarded as most likely to succeed Hu Yaobang rebelled and attacked the latter at that meeting. It was on that day that Hu Yaobang stepped down. And the so-called enlarged meeting of the Political Bureau that was held 2 weeks later was nothing but a show for the eyes of people outside the party. So, Hu Qiaomu, anticipating what was going to happen based on his good political sense of smell, immediately wrote a series of editorials to preach the "four cardinal principles" and launched a general offensive as soon as Hu Yaobang was bitterly scolded by Deng Xiaoping at the year's end.

Cultural-Revolution-Style Editorials Were Appreciated by Deng Xiaoping [subhead]

Although Hu Qiaomu has expounded, based on the "resolution" adopted by the 6th Plenary Session of the 12th CPC Central Committee, the definition of "bourgeois liberalization" as "acts to negate the socialist system and to advocate the capitalist system," he has played the old trick of attempting to "sweep away all the monsters and demons" in both the economic and political fields. His editorial, published on 6 January, exposed his evil intention. He said: "When we talk about economic structural reforms, they want to follow the capitalist road; when we talk about political structural reform, they want to copy the stuff of Western capitalism. In fact, this means guiding China's current policies into the capitalist road." This statement clearly showed that Hu Qiaomu and his ilk are only using the suppression of the student protest and the campaign of opposition to bourgeois liberalization as a camouflage, and their real intention is to launch another Great Cultural Revolution.

This editorial by Hu Qiaomu was appreciated and praised by Deng Xiaoping, who had become dizzy with success by that time. But more than 10 days later, the fatuous leader began to realize that it would cause extremely extensive and profound shock if he meant to "erret out capitalist roaders in power" in the economic field. In addition, foreign investments had dropped drastically and urgent telegrams kept pouring in. Deng deeply felt that he was facing a very serious situation which would inevitably lead to great turbulence if the campaign were not confined to a certain scope. So, he instructed Zhao Ziyang to send a signal at a banquet on the Chinese New Year's Eve, stating that only a positive education drive but no campaign would be launched in the economic field, and all campaigns would be confined within the party.

Deng Xiaoping and the Ultra-Leftist Faction Share Common Interests [subhead]

As everyone knows, the most brilliant achievement of Deng Xiaoping during his later years has been the "great success" in the economic reform. As China's economy has been opened up to the outside world, individual households which have gained sudden wealth and "ten-thousand-yuan peasant households" can be found everywhere. Although these are superficial phenomena, foreign media have filed a host of reports about this and highly praised Deng Xiaoping. His portrait was even put on the cover of an issue of the American "TIME" magazine. In fact, the economic reform of Mainland China has encountered many problems. For example, many departments have rushed headlong to introduce color television production lines while importing a large number of color television sets. This has consequently had a tremendous impact on the production of black-and-white television sets -- there was an overstock of more than 5 million black-and-white television sets last year. [paragraph continues]

What's more, the introduction of a great deal of foreign investments during the economic reform has been condemned by the leftist forces as "traitorous behavior" which "gives foreign businessmen an opportunity to suck the blood of the Chinese." What Deng Xiaoping has claimed to be his glorious achievement is denounced by the leftist forces as national humiliation. They even intend to make use of the campaign of "opposition to bourgeois liberalization" to attack the economic reform. How can Deng Xiaoping tolerate this? But what Deng Xiaoping hates most is not the ultra-leftist forces who criticize the economic reform but those intellectuals who put forth new ideas on the political reform. Deng Xiaoping and the ultra-leftists share common interests in strangling democracy and freedom. Therefore, he took action to unscrupulously persecute intellectuals at the risk of damage to his "image."

Movies and Television Take the Lead in Returning to the Ancients [subhead]

That is the very reason why the CPC recently issued a red-headed document to ban Hu Qiaomu and his ilk from intervening in economic operation while reiterating its policy of further suppressing intellectuals.

To conceal their true intentions, Hu Qiaomu and his ilk have temporarily contracted their front and concentrated their forces on the operation to squeeze out dissidents in the ideological field. As they can present no new mode to fulfill this campaign target, they cannot but report to the outmoded measures that were adopted in the 1950's. Their stupid trick has baffled the aged while being satirized by young people as the doctrine of "back to the ancients."

The most noticeable move is what has happened regarding films and television programs. After Hu Yaobang's downfall and the leftist faction's rise to power, both the film and television circles have shown their loyalty in "keeping in line with the CPC Central Committee." Cinemas where visitors are few and far between have even begun to show some Chinese and foreign films dating from the 1950's that they have dug out of their storehouses. Since all the cinemas in Mainland China are run by the state, they do not care about the size of the audience. As everybody is eating from the same socialist big pot, there will be no problem so long as the "central authorities" are satisfied.

Advocating Blind Loyalty in the 1980's Will Just Lead to the Opposite [subhead]

There is no night life in Beijing and the only thing people can do in the evening to kill time is watch television. In the past 2 months or so, almost all the films shown on television were very old ones produced in the 1950's or the 1960's, such as "Guerrillas Along the Railway," "The Story of Liubao," and "The Hong Hu Red Guards." Meanwhile, songs broadcast by the radio are mostly the ones that were popular in old times, such as "Wave Upon Wave in the Hong Hu," "My Motherland," and "Everybody Praises My Home Village." Songs like these can easily be heard as soon as you turn on the radio or the television set. Sometimes, to flavor the programs, the authorities broadcast some world favorite songs too.

In brief, the authorities are making every effort to evoke people's memories of the 1950's. The leftist fellows think that the 1950's was the purest and most orthodox decade, and that China can only achieve the four modernizations by preserving the hardworking and simple life style and the absolute worship of the superior. [paragraph continues]

Therefore, those leftist leaders have tried their utmost to create an idol, seeking unity of thinking among the 1 billion Chinese people by vigorously publicizing Deng Xiaoping's supreme instructions while muzzling public opinion. They are trying to create an idol for the 1980's which they expect will be as "brilliant" and "great" as Mao Zedong was in his time.

Here Peng Zhen, Bo Yibo, Hu Qiaomu, Deng Liqun, and their followers have committed a serious mistake. While claiming to be real Marxist-Leninists who master dialectic materialism, they have mistaken the awakened people today for the generation of the 1950's who were blindly loyal to the authorities. While they boast how correct and great "Comrade Xiaoping" is, Deng Xiaoping's image among the people is declining. Some brave people have even made jokes about Deng Xiaoping. They say: "In our country everything is going (this mainly means rising commodity prices) except his height." Of course this is not serious "fair play," but it does show that the people's grievances cannot be inhibited.

The self-styled "theoretical authority" Hu Qiaomu became so dizzy with success in this rivalry that he made an incoherent remark which has become a standing joke. When receiving a group of representatives of model militiamen from the Guangxi and Yunnan border areas who have done a good job in "supporting the front," in Beijing recently, the excited Hu Qiaomu praised these heroes and said: "You are brave indeed. You have made contributions to the country. But now some people who advocate wholesale Westernization say that we have nothing good." Having seen this "show" on television, the audience agreed that it was really a disgrace to the "theoretical authority" since he was so awkward with formal logic.

"Uncle Lei Feng" Has Come Back Again [subhead]

The leftist fellows have followed their old tradition. While preaching the hardworking and simple life style through the media, they have also brought some priest-type figures to the stage. Qu Xiao, a well-known "red priest," recently started to sell his story again among young people, claiming that he was really happy today although he had been labeled a rightist and forced to work as a herdsman, and now had a family with six members coming from five lost families. The ghost of Uncle Lei Feng, who has not been heard of for a long time, has been revived among young pupils and has been set up again as an example to be imitated.

The CPC flaunted the banner of democracy and freedom when it was fighting for political power. It never expected that democracy and freedom would become great scourges to it after it seized political power. Since they are afraid of democracy and freedom, the CPC has made every effort to strangle them. Mao Zedong made a mockery of others by citing the fable of "Lord Ye's love of dragons," [a fable on professed love of what one really fears] but now his successors are in their turn satirized by the people with the same fable. Is this ridiculous or lamentable?

The 1950's has become history. The party of the aged wants history to go backward and return to the 1950's. But these aged people's days are numbered and there is no hope of their seeing their dream come true. As the Beijing people say, "They are already old." Do these aged people really believe that they can reverse history?

LIAOWANG LAUDS DIALOGUE BETWEEN CADRES, MASSES

HK030119 Beijing LIAOWANG in Chinese No 7, 16 Feb 87 pp 4-5

[Article by Fang Hua (2455 5478): "Dialogue Between Leading Cadres and the Masses Should Be Held Frequently and Institutionalized"]

[Text] It should be encouraged that the leading cadres and the masses frequently hold dialogue and gradually make it become institutionalized. This will not only play an active role in consolidating and developing the political situation of stability and unity but also be of important significance to perfecting the socialist democratic system in our country.

Holding dialogue between the leading cadres and the masses is a fine tradition of our party's ideological and political work. However, over the last few years, this work was weakened. For a period of time, some leading cadres among us neither immersed themselves among the masses to feel the ideological pulse of the masses nor explained the policies and the situation as a whole to the masses. While proposing and making the new policies, decisions and tasks, they often relied on the administrative or economic methods but did not often listen to the opinions of the masses and do the ideological work. The consequence of this kind of bureaucracy to overlook conducting the ideological work among the masses is serious. Notwithstanding that the recent incident of student riots is mainly a result of the overflow of the ideological trend of bourgeois liberalization, it is also related to our overlooking the ideological work and lacking the channels for dialogue with the students. It is proved that holding dialogue between the leading cadres and the masses is not only a good method to educate the masses but also an effective means to coordinate the relationship between the party and government and the masses. At present, we should, on the one hand, take a clear-cut stand in opposing the bourgeois liberalization and upholding the four cardinal principles and, on the other hand, unwaveringly carry out the principle of reform, opening up to the outside world and invigorating the domestic economy. During such a struggle of reform, the masses often have varied opinions, suggestions, and worries. Leaders at all levels should strengthen their dialogues with them, promptly master their ideological trends to guide actions adroitly according to circumstances and find specific ways to solve specific problems, and let them get a correct understanding of the lines, principles, policies, and situation since the 3d Plenary Session of the 11th CPC Central Committee and be able to differentiate and oppose the ideological trend of bourgeois liberalization and consciously become united around the party.

The reason why we should further promote dialogue between the leading cadres and the masses is because this is an important content of building the socialist democracy. In the final analysis, the socialist democracy is to let the masses of people become the masters of the country and exercise their right to participate in the management of the state. We should advocate that the leading cadres hold dialogue with the masses. This will provide the masses of people with a channel to exercise their democratic rights. By holding the dialogue, the masses can explain the situation, air their views and make criticism to the leaders, while the leaders can both listen and collect the opinions of the masses as a basis for improving the policies and works and explain the policies of the party and the government to the masses and convince them. Through the dialogue, we can not only enhance the mutual understanding between the leaders and the masses and eliminate their estrangement and misunderstanding but also make the masses feel that "they have places to air their view, channels to reflect the situation and the people to handle their criticism" and that they can play a promotive role in various works of the party and the state. [paragraph continues]

Therefore, the masses can have peace of mind and enhance their sense of being and masters of the state.

Although it is our tradition for leading cadres to hold dialogue with the masses, it is necessary to study how to do this work well under the new situation and gain new experiences. Judged by the situation in some localities where the dialogue is better conducted, the key to holding dialogues well still lies in the leaders. First, the leaders at all levels should regard holding dialogue with the masses as an important leading method and a political work affecting the situation overall situation, place in onto the agenda of the leading work, and make the work of "dialogue" frequent and institutionalized. We should never follow the practice of two years ago that we held "dialogue" only when the ideological problems of the masses piled up, the contradictions intensified, and incidents happened and that we relaxed the work when the incidents were over and the circumstances were different. Second, it is necessary to adopt a correct attitude toward conducting the dialogues, treat people with honesty and on a equal footing, and tell the truth to the masses. In analyzing the situation, we should mention the achievements as well as the difficulties and the measures for surmounting the difficulties. We should help the masses correctly understand the nonessentials and essentials. If the masses have some misunderstandings, we should patiently explain the truth to them and comprehensively expound the principle and policies of the party. As for those issues which have direct bearing on the masses, if they are rational and have the conditions to be resolved, we should actively and promptly help the masses to resolve the issues; and if the conditions do not permit we should tell the truth to the masses and get their understanding. If the issues are caused by our mistakes and errors in work, we should all the more tell them in a truth-seeking way and should not conceal faults or gloss over wrongs to cover them up. Third, it is necessary to adopt varied and lively patterns to conduct the "dialogue." We can hold various public lectures, symposiums and discussions and hold dialogue with the masses through the mass media like newspapers, journals, broadcasting, television, and so on. We can also go deep among the masses to visit and have heart-to-heart talks with them.

"We shall win as long as the upper and lower echelons are of one heart and one mind." So long as the leading cadres at all levels are able to maintain close links with the masses, we can surely make the vast numbers of the masses under the leadership of the party get united for the same cause and strive for the new victories of the construction of the four modernizations.

LIAOWANG ARTICLE ON CHINA'S POPULATION GROWTH

HK030151 Beijing LIAOWANG in Chinese No 7, 16 Feb 87 p 24

[Article by Xia Guixiang (1115 2710 4382): "China's Population Growth Faces a New Peak"]

[Text] A Birth Peak Emerged for the 12 Years From 1962 to 1973. China's Population Has Now Come to the Beginning of Another New Birth Peak. [subhead]

Looking back upon the course of New China's population, people saw a tortuous road with a valley between two peaks.

In the preliminary period of the 1950's, land reform brought about the development of production and improvement of livelihood and created unprecedentedly good conditions for a population increase, forming the first population birth peak.

From 1952 to 1957, China's birth rate was over 31 per thousand.

After the first population birth peak, a short-term valley appeared. Due to an economic recession caused by the "Great Leap Forward" and natural disasters, people were badly off and the birth rate dropped by wide margin. The population birth rate from 1958 to 1961 was only 23 per thousand. It can be said that the process of this marked change is a typical illustration that the economic situation dominates population development.

After 1962, the birth rate rose and sharply increased from 18.13 per thousand in 1961 to 37.22 per thousand, an increase of some 100 percent. The birth rate in 1963 continuously rose by a big margin to 43.6 per thousand and a relatively high birth rate was maintained for the next 10 years. In 6 of these years the birth rate exceeded 34 per thousand. For 12 years, the average birth rate was as high as 34.14 per thousand and the average number of births a year was 26.49 million. The total number of births in the 12 year birth peak period was 317.91 million and was equal to 1.14 times the Soviet population, 1.34 times the U.S. population, and 2.63 times the Japanese population in 1985. Such a large number of births in 10 years was rare in both Chinese and foreign history. This was the second birth peak after the founding of our country.

Some 300 million babies born in the vast land of China from 1962 to 1973 have now reached the ages of 13 to 24 and they are now going to get married and have babies. The period from now until the end of this century is the marriage and birth peak period of this group of people. The principle of periodic population peaks reveals a serious reality: The second birth peak is likely to emerge again! An important decision should now be made on China's population development which has come to the beginning of a new birth peak. What course to follow? This depends on the control of population which faces a peak at the same time.

The Change in the Population Structure Aggravates the Difficulty in Controlling Population and the Present Control Over Population Has Reached a Crucial Period
[subhead]

In regard to control over population, China is like an experienced person. In 1974, China began implementing an effective policy of family planning and controlled population growth in a planned way. In a short period of the 12 years up to 1985, the birth rate dropped from 27.93 per thousand in 1973 to 17.8 per thousand in 1985. Such speed in reduction showed that China effectively controlled its population. However, the current population situation permits no optimism.

In 13 or 14 years an average of at least 11 million young couples throughout our country will get married and have babies every year. Compared with 10 years ago, in the future, the average number of newly married couples will increase by 4 to 5 million a year. Because of this, so far as single births are concerned, we are likely to have 4 to 5 million births a year. As a result of such continuous population growth, a new birth peak will obviously be formed. The task of controlling population has therefore become very arduous. Only by vigorously advocating marriage at a mature age and giving birth to children at a later age, by dispersing originally concentrated population at the age of marriage and at the child-bearing age, by taking effective measures at the same time to reduce second births and stopping additional births uncovered by the plan, and by reducing the birth rate as much as possible can we prevent or mitigate a new birth peak. [paragraph continues]

Due to the fact that our country has made great efforts to control population in the past 10-odd years, the birth rate has dropped to a relatively low level and there is very little room for continuous reduction in the future. Furthermore, after rural areas implemented the production responsibility system, the functions of rural households as production units have been strengthened, the labor force has become a "pillar" of those households, and the need for the male labor force is especially more urgent. This will stimulate the desire for births in the rural population which accounts for the great majority of China's population. The change in the population structure has set a higher demand on the work of controlling population.

Controlling the population of our country to about 1.2 billion by the end of this century is a policy decision made by the CPC Central Committee after careful consideration. The impact of the increase in the population at the marriage age and at the child-bearing age on achieving the population target cannot be underestimated. The population of our whole country by the end of 1985 was 1.045 billion. According to the average annual natural growth rate of 12.5 per thousand proposed by the "Seventh 5-Year Plan," the population will increase by an average of 13 million a year during the "Seventh 5-Year Plan" and the population will exceed 1.1 billion by 1990. Only by making the population increase by an average of less than 10 million a year and by making the natural population growth rate increase by less than 9 per thousand in the remaining 10 years before the end of this century can we guarantee the total population will be controlled to about 1.2 billion by the year 2000.

"Ninety li is only half of a 100-li Journey." The control over China's population has reached a crucial period. There are only 14 years left before the end of this century. Our whole country must strictly control population growth according to the arrangements of the central authorities and maintain stability. We can then achieve the fixed goal. Otherwise, not only shall we fail in a great undertaking on the verge of success scored in population control some 10 years ago but also the next century and the progress of economic and social development will be affected. This is a solemn problem which warrants careful consideration by everyone of our Chinese people.

PAPER VIEWS PROPOSALS ON EXPORT-ORIENTED ECONOMY

HK030401 Beijing JINGJI YANJIU in Chinese No 12, 20 Dec 86 pp 22-25

[Article by Li Yang (2621 2254), of the National Economy Management Department of Sichuan University: "On an 'Export-oriented' Economy" -- written in September 1986]

[Text] I. Correctly Understanding an 'Export-Oriented' Economy [subhead]

The proposal of an "export-oriented" economy manifests the spirit of "opening to the outside world" in our reforms. However, the present proposals to greatly develop an "export-oriented" economy require further discussion in terms of timing and objective conditions.

There are two possible ways of understanding the idea of an "export-oriented" economy. First the "export-oriented" economy refers to the economy itself. The development of particular enterprises, industrial departments, or regions (coastal regions or special economic zones) should be export oriented, or they should orient products towards export. Second, the "export oriented" economy is derived; namely, the reason that the products of an enterprise, and industrial department, or a region are exported is that the domestic market capacity is restricted, there is a need to develop external markets, and there is already an innate "external-orientation" or export capacity. There are these objective existing differences in understanding an "export-oriented" economy. Although those comrades who advocate the strong development of an "export-oriented" economy do not clearly elucidate the meaning of their proposals, it can be determined from their proposal that their understanding is basically the first type noted above. A basic idea of these comrades is that we lack the foreign exchange necessary to import advanced scientific technology and management methods. Thus, we must develop an "export-oriented" economy so that by earning foreign exchange through exports we will be able to achieve our goals of raising the level of our nation's industrial and agricultural production technology and operations management. However, the first type of understanding regarding an "export-oriented" economy actually takes the "export-orientation" of the economy as its goal. After the goal of earning foreign exchange through exports has been achieved, how is the original goal to be achieved? Can it still be achieved? The contradiction lies in this.

Clearly, the first understanding regarding developing an "export-oriented" economy is erroneously slanted or at least in our present national situation, it is erroneously slanted. Speaking theoretically, economic strength and capacity can only be accumulated internally. If an enterprise wants to ensure that its products are competitive in the market, it must first realize a high level of effectiveness, production, and operations management within the enterprise. If a nation's economy wants to have competitive superiority in world markets, the precondition is that the domestic economy must have already developed to a reasonable level. In the domestic economy, although particular industrial departments of particular regions can develop relatively quickly, the capacity to compete at the world's advanced levels often depends on the overall level of the national economy. Thus, it is the second understanding of developing an "export-oriented" economy which has a solid theoretical basis.

II. Vertical and Horizontal Comparison of the Formation of an "Export-Oriented" Economy [subhead]

The derived nature of an "export-oriented" economy has been verified in economically-developed countries. The reason that British and U.S. "foreign cloth" could, in past times, take over the markets of China's vast number of cities and villages was that not only did they have advanced technology and the ability to produce cotton-yarn and piece-goods but also they had advanced mechanical production technology and capacity involving spinning machines and weaving machines. It was also because they had advanced, low-cost ocean-going transport technology and capacity. As Lenin penetratingly pointed out in his analysis, colonial expansion and the export of capital result from domestic market capacity being too small and monopoly capital needing to find foreign markets. Of course, the smallness of their domestic markets was relative and was produced by the basic contradictions in the capitalist system. However, these points illustrate that at that time, the United Kingdom and the United States had the integral power to engage in economic aggression and expansion throughout the world. [paragraph continues]

This power certainly did not come from a few industrial departments or regions. After capital occupied domestic markets, it spread its feelers abroad. The "secret" of the economic achievements realized by modern Japan in the world's markets is no different from that of the United Kingdom and the United States in those times. The competitiveness of Japan's products was also produced by a high-developed overall economy, including production, scientific research, operations management, and all other factors. It did not come as a result of the government stipulating that some products were to be developed as export products to earn foreign exchange.

Without exception the clear progress achieved by developing states and regions over the 1960's and 1970's was realized by paying attention to raising the overall level of the national economy. There are very few examples by which economic growth has been promoted by having a particular industry or particular region earn foreign exchange on a large scale. In fact, many economists including Latin American and Southeast Asian economists have already criticized and called into question the theory and practice of "economic enclaves." They believe that overall national economic growth -- especially when considering "social benefits" -- cannot be brought about by one or two "economic enclaves." It is even possible that these areas may intensify social and economic contradictions. In developing countries and regions with the fastest economic growth, such as Singapore, Hong Kong, South Korea and Taiwan, although their territory and populations are not large, they still stress the overall progress of the national economy and do not purely rely on a small number of industries. The "export-orientation" of these countries and regions is very clear and the per capita export values are among the highest in the world. The majority of the products of their ship-building, iron and steel, electronics, and clothing industries are exported even to the developed countries of Europe and the Americas. However, the export competitiveness of these products was gradually formed internally within their economies. It was derived from the strength of the overall economy. The reason large volumes of these products can be exported is that in the process by which the domestic market was relatively satisfied the product's superiorities for the international market were produced. These include superiorities in terms of production technology, operations management, quality of labor, production costs, and so on.

From this we can see that the reason economies can be "export-oriented" is that they already have an internal need and capacity to be "externally-oriented."

III. The Situation of Our Nation's "Export-Oriented" Economy [subhead]

Since the 3d Plenary Session of the 11th CPC Central Committee the economic structural reforms which have been carried out in accordance with the policy of "enlivening the domestic economy and opening to the outside world" have powerfully promoted the growth of the national economy. An outstanding characteristic of this period has been the rapid development of foreign economic and trade relations. This also shows that advocating the development of an "export-oriented" economy in recent years has had a definite effect. No one can deny this. What needs to be pointed out is that errors in understanding the "export-oriented" economy may lead to errors in policymaking. These errors will result in a situation where more haste means less speed. [paragraph continues]

Seen from the long-term benefits and development angle, paying little attention to the overall situation and simply stressing the economic "export-orientation" of a small number of departments or regions may delay our nation's economic modernization process.

In our nation's current "export-oriented" economy, quite a proportion of it has been established in accordance with government requirements. The major situations are as follows: 1) State stipulated economic regions. By 1985 our nation had 14 open coastal cities and a number of special economic zones, including Shenzhen and Xiamen. The state set down for these cities and especially for the special economic zones a clear development orientation, namely an "export-oriented" economy. They were required to stress the development of foreign-exchange earning products and various projects which could draw in foreign funds. 2) Foreign trade production bases and enterprises established under unified plans by the government. These include for example, native product or primary product production bases and enterprises. The products of these bases are either completely purchased for foreign sale by foreign trade departments or the majority is sold abroad in accordance with state regulations. 3) Enterprises set up entirely with foreign funds or in a joint-venture with our side for the purpose of drawing in foreign capital and equipment. In most of the production operation agreements, the proportion that these enterprises are required to sell abroad is clearly stipulated. The proportion is generally quite large and may even involve exporting total production.

Under the traditional planned economic system, it was rational to rely on the state's directional stipulation of the "export-oriented" economy. This is because without that there would have been no way for an external economic flow to be produced. However, in the new economic system which the reforms aim to realize, and especially in the current double-track system it is worthy of discussion whether it is rational for the state to stipulate directions in everything. This is because enterprises already have complete or quite a degree of decisionmaking power and economic activities are now subject to the influence and restrictions of the market mechanism. Situations of incompatibility may occur between the state stipulated direction and the requirements of economic "export-orientation."

In the "export-oriented" economy formed through state direction at least the following conflicts have appeared.

First, the conflict between foreign trade income and enterprise income. Many enterprises which especially, or primarily, produce goods for export, after settlement of exchange, feel that foreign sales do not pay as well as domestic sales. The price of export products calculated in accordance with state foreign exchange rates is often lower than the price they can obtain by selling on the domestic market. Thus quite a proportion of enterprises which produce export products have no innate demand to export.

Second, it is not beneficial in the drawing in of foreign funds. Much of the foreign funds invested in our country are invested because people see the great potential market here. Stipulations that foreign capital can only be invested in the production of products for export in fact is already a big obstacle to the drawing in of foreign funds.

Third, the conflicts with domestic management organs. In developing the "export-oriented" economy on the basis of directional stipulations by the state, a feasible basis is our superiority in terms of low costs. [paragraph continues]

However, the present management system will have difficulties in manifesting the cost and price superiorities of the export products of our nation (and those produced by imported foreign funds). The shortage of energy and raw materials has, under the new pricing system, resulted in greatly increased costs. The problem in the foreign trade system is not only the increased cost of export products but also the reduced ability of export-producing units to earn foreign exchange.

Fourth, the conflict with domestic market requirements. The sellers market situation in the domestic markets where demand exceeds supply has all along restricted the raising of the production technology and operational management levels of our nation's enterprises. When the reasonable quality products from within the country are sold abroad, it reduces competitive pressure between enterprises, resulting in all the "domestically-oriented" enterprises fluctuating at a low level. The "export-oriented" enterprises are aloof from domestic market competition and lack pressure and motivation to improve product quality and service and raise operational management levels. Thus, many enterprises which produce export products do not have the ability to engage in high-level competition in international markets. The state has all along, stressed improving the quality of export products and increasing the capacity to earn foreign exchange. However, the results have not been notable and the reasons lie in the above factors.

Our nation has quite a number of commodities which have competitive superiority in the world markets. These include traditional primary products (like bauxite and pig bristles), industrial finished products (such as clothing and small-scale agricultural machinery) and even newly-developed high-technology products (such as space-launch technology). These industrial products which truly have export competition superiority entered the world market only after the domestic market was completely or almost completely satisfied. These products have labor costs superiorities and do not lack production technology and operational technology superiorities. If something has only superiorities in terms of low labor costs, then it will find it difficult to establish and maintain a position in today's international market. Also price is not the only factor in international market competition and sometimes it is not even the decisive factor. In the international market where the demand for quality is increasingly high and there is a forest of tariff and non-tariff barriers, we should not place too much stress on the roles of cost and prices.

IV. Thinking of Economic Policies in Connection With the "Export-Oriented" Policies [subhead]

Following the deepening of the economic structural reforms, the role of government economic policies has changed from being one of direct control of national economic activities to one of indirect regulation of socioeconomic activities. Namely, it has changed from intervention to guidance. Thus, when the government is formulating economic policies, it must consider several new problems. First, when we stress the use and perfection of the market mechanism, the significance of government formulated policies is determined by their ability to make up for deficiencies in the market mechanism and resolve problems the market mechanism has difficulty solving by itself. Regarding problems the market mechanism can resolve by itself, there is no need for further formulation of appropriate economic policies. Seen as a theoretical basis and practical testimony of "export-oriented" economic production, the internal patterns of the market mechanism can completely supply a base and power for the development of economic "export-orientation." [paragraph continues]

Second, if conflict occurs between economic policies and the demands of the market mechanism, economic policy effectiveness will have to be judged anew. If many "export-oriented" enterprises, departments, or regions have a strong desire to sell products domestically, this is a result of the market mechanism. In such a situation, proposing policies which involve goals related to their economic "export-orientation" and stipulating their production operations direction will mean that results will be difficult to guarantee. Economic policies that stress long-term goals should be considered. Short-term policies often lead to long-term problems in economic growth. If, on the one hand, we want to hand down decisionmaking powers to enliven the enterprises and the microeconomy and, on the other hand, we want to strictly control the new situation and the many changes which will occur after handing down decisionmaking powers, then in fact no decisionmaking power will be handed down. For example, if the power is handed down and the enterprises want to sell their products domestically but the policies still determine that they are for export, the power is then still in the hands of relevant government departments and these departments will still interfere in microeconomic activities. Only when the government's economic policies are of a long-term nature, will economic activities have a relaxed and harmonious environment and will microeconomic mechanisms and enterprise activities have a rational guarantee.

V. Proposals for Developing an Export-Oriented Economy [subhead]

The above discussion shows that it is not that an "export-oriented" economy cannot be developed and not that it should not be developed, but rather that it should be developed in accordance with economic laws. The government can guide enterprises, departments, or regions in economic "export-orientation" but in the new economic system it is necessary to pay attention to and respect the role and requirements of the market mechanism. Opening to the world is a component part of the overall economic structural reforms and we should not have situations appear which are inconsistent with the overall economy. Thus, in formulating external economic policies and strategies, we must firmly implement the principle of "good macroeconomic management and an enlivened microeconomy." In the management methods, we should mainly rely on indirect controls.

If the government thinks a particular enterprise, department, or region must mainly be "export-oriented" then it should use economic means to guarantee this direction. For example, in pricing, taxation, and credit it can provide motivation for an economic "export-orientation." Thereby enterprises, departments, and regions will, through comparison of economic interests and results, make a decision to be "export-oriented." Of course, this can lead to many other problems. If banks give low-interest credit to "export-oriented" enterprises, on what basis will the capital flow at that time be decided? If it is in accordance with government stipulations, then it is really difficult to say that this accords with the innate patterns of economic activities. However, in the economic practices of many countries, the government intervenes in socio-economic activities, and particularly in international trade. Thus, it is not strange for this situation to appear in our country; at times, it is the only possible method. However, government intervention must also consider long-term effects and this is where the crux of the matter lies.

There are long-term strategies for earning foreign exchange through exports, the use of the foreign exchange, and the drawing in of foreign funds. At present, we lack foreign exchange, advanced technology, and operational management methods. These are problems which demand a solution. [paragraph continues]

The series of contingency countermeasures adopted by the government are above criticism. However, we cannot on this basis abandon long-term interests and benefits. In principle, the short-term countermeasures must not be incongruous with long-term effects and long-term benefits. Only if the policies are correct can short-term and long-term interests be considered together. The "export-oriented" economy can be developed in accordance with the following principles: 1) In encouraging the development of products for earning foreign exchange, we should choose those products which already have a firm footing in domestic market competition (or have the capacity to basically satisfy domestic market demand). This will ensure that they have competitiveness in the international market. 2) We should continue to develop those traditional export products in which we have resource superiority, and through processing them into higher grades, improve our capacity to earn foreign exchange. 3) We should continue to implement the spirit of "letting a part of the market obtain, through exchange, advanced technological and management measures" and in the domestic sale of products from foreign-funded enterprises we should be more flexible. At the same time, we should allow domestic "export-oriented" enterprises to sell their products in the domestic market. In this way, we can use competition to force and improvement in the grade and continued renewal of the product of domestic enterprises. This will both guarantee a rapid rise in the overall level of our national economy, and ensure that our export products have reserve strength. 4) When drawing in foreign capital we can adopt brave measures in utilizing the capital in international financial markets and draw in more foreign capital. When considering the foreign exchange balance, we should base it on a medium- or long-term balance. If the foreign capital which has been drawn in and used provides good results in the medium- or long run, then it is not really necessary to have a short-term foreign exchange balance.

JINGJI RIBAO REVIEWS DIFFERENCES IN LABOR INCOME

HK230736 Beijing JINGJI RIBAO in Chinese 3 Feb 87 p 3

[Article by Wang Yongjiang (3769 3057 3068): "Tentative Views on Differences in Income From Labor and Readjustment for Such Differences" -- first paragraph published in boldface]

[Text] Sober and objective analysis should be made regarding the income differences among laborers; it is inappropriate to regard the phenomena generally as either polarization or the consequence of implementing distribution according to work. In the present phase of socialism, objective factors to account for differences in income from labor do exist, but by no means does this mean that the greater the differences, the better. Socialist countries must adopt economic and legal measures to rationally determine the criteria for the income from labor and the differences in income from labor of various categories.

Correct understanding and handling of the differences in income of laborers have a direct bearing on the development of socialist social and economic relations; it is also work involving a very strong sense of policy. It is necessary to strengthen the research on the theory of economics in this respect, to make the work conform with the requirements of the objective laws governing the economy, and to genuinely give play to the enthusiasm and creativity of the overwhelming majority of laborers in their work.

An Analysis of the Actual Differences in Income From Labor [subhead]

When the ossified situation of near equality in the level of workers' income is broken through the differences in income from labor have markedly widened. [paragraph continues]

The economic structural reform develops, in depth, with each passing day. Objective analysis should be made regarding this phenomenon. We should neither reject it as the emergence of polarization and the violation of the principle of common prosperity for the working people in socialist society, nor generally regard it as the consequence of implementing the principle of distribution according to work.

First, it is necessary to distinguish the difference between legitimate income derived from labor and illegitimate income. In recent years, the gap in income of laborers in some localities and departments has markedly widened. However, such differences do not always arise from the differences in labor. In some cases, some people have taken advantage of the incomplete and imperfect legal system in the course of economic reform of the state, by means of various illegal means, to turn funds, goods, and materials of public ownership into their private properties. The existence of such differences will gravely corrupt socialist laborers and is unfavorable to the consolidation and development of the socialist ownership economy. This must be resolutely banned.

Second, it is necessary to distinguish the differences between legitimate but irrational income and income based on the principle of distribution according to work. For a long time, the nonexistence of scientific quotas in production operation, irrational prices, incomplete taxation, and imperfect managerial system have resulted in great differences between the income of some contractors and that of non-contractors. Such differences emerged quite markedly in recent years. They are legitimate but irrational. This is because the production materials controlled by the contractors belong to public ownership, and the labor capability of any individual worker cannot be very different under the same production conditions. However, in a certain period of time, the emergence of such differences is inevitable, and a solution can be provided only by continuously summing up experiences and making the system complete and perfect.

Third, it is necessary to distinguish the difference between implementing the principle of distribution according to work and the different levels in individual management. There must be some difference between the average income of individual laborers and that of workers and staff working in state-run enterprises, with the former higher than the latter; and the range should at least cover various financial subsidies, pensions, and medical expenditures that workers and staff of state-run enterprises will obtain from the state. The problem is the gap is now too great. The reasons for this gap are complicated, and two main reasons are: First, a considerable number of individual laborers have injured consumers' interest to increase their income by improper means in their operation; and second, the incomplete and imperfect administrative mechanism of the state has provided individual laborers a chance to take advantage of it. Therefore, it is necessary to strengthen control over individual economy.

Fourth, it is necessary to distinguish the differences between the income of normal wage earners and the income of those who are temporarily relieved of their posts with wages suspended. The latter are few in number, but their income is generally higher than workers and staff on the job; this fact itself often rouses dissension and discord among normal wage earners. However, the practice of temporarily relieving workers and staff of their posts with wage suspended for a certain period is formally permitted by the state and plays a certain role in economic readjustment. The higher income of that part of workers and staff temporarily relieved of their posts with wage suspended should be protected so long as it is legitimate. The problem is some of the people in question have pursued new occupations such as transporting goods for sale and retail business. [paragraph continues]

By evading administrative fees and taxes, they get higher income, which is irrational.

Fifth, it is necessary to distinguish the differences between the income of those who are engaged in a single job and the income of those who take a second job. Regarding the workers and staff in enterprises and institutions of ownership by the whole people, the differences in income between workers and staff are chiefly expressed in the differences formed between those who are engaged in a single job and those who take a concurrent job with extra pay. At present, it is necessary to guide people to engage themselves in a normal concurrent job to step up the accumulation of labor. However, rational rewards for concurrent jobs need to be stipulated to prevent too wide a gap.

Finally, specific analysis should also be made of differences in income formed by the practice of distribution according to work. The implementation of distribution according to work will inevitably result in differences in income between workers and staff. Even if the wages of workers and staff of various enterprises are linked with the economic results of their own enterprise, it is natural that the levels of wages vary with different economic results. If there are differences in the investment of the state, the technologies provided and the geographical locations of the enterprises, top economic results may be scored by taking advantage of a region's natural resources and geographical location. The wage level is thus determined; the differences in income are of course irrational. Therefore, the differences in income linked with economic results of enterprises of ownership by the whole people should be determined by the managerial and operational levels and by the degree of improving the quality of work forces of every enterprise.

It Is Necessary To Rationally Determine the Criteria of Income From Labor and Differences in Income [subhead]

The existence of differences in the income of workers at the present stage of socialism is an objective inevitability. The objective inevitability for the existence of such differences are:

First, the existence of multiple economic forms and operational modes. Because of the differences in the natural conditions and geographical locations of economic organizations of different nature their income from production and operation naturally varies; and the differences in income inevitably occur between economic organizations with better natural conditions and those with poorer natural conditions; irrational prices often result in very great differences in the income of different industrial departments in particular. At the same time, the differences in operational modes and levels of operation will also result in the differences in income of economic organizations.

Second, under the condition of commodity economy, commodity value is determined by the necessary social work time. With the differences in technical levels, the income of each commodity producer and manager varies; this inevitably results in differences.

Third, because the social productive forces in China, at the present stage, is still underdeveloped, the coexistence of multiple forms of ownership including joint-stock economy and cooperative economy will continue to exist for a comparatively long period. Joint-stock economy will enable some laborers to obtain dividends on the strength of their stocks, while the workers in cooperative economy can get bonuses from their shares in kind or in the labor they contribute. These will also bring about differences in individual income.

Fourth, labor efficiency varies with workers of different educational background. Hence, the differences in their income.

And fifth, the differences between mental and manual labor, between complicated and simple labor, and between skilled and unskilled labor objectively exist and result in differences in income.

In the present stage of socialism, objective factors to account for the differences in income from labor do exist, but by no means does it mean that the greater the difference, the better. Socialist countries must adopt economic and legal measures to rationally determine the criteria for the income from labor and the differences in income from labor of various categories. First, all illegitimate personal income must be confiscated, the person involved must be fined, and serious offenders must be punished by law. Second, efforts must be exerted to make scientific calculation on various contracted projects and to build up data, which is favorable to both the contractors and the contracted projects as well as the fulfillment of the requirements of the economic interest of the enterprise owner. Third, it is necessary to correctly determine the indexes of economic results linked with labor wages. Fourth, it is necessary to set up and make complete and perfect the income tax system with economic corporation as the basic unit. And fifth, it is necessary to implement the personal income tax system in a down-to-earth way.

CHEN MUHUA NOTES HUNAN FINANCIAL SYSTEM REFORM

HK040551 Changsha Hunan Provincial Service in Mandarin 2300 GMT 2 Mar 87

[Text] During her inspection tour of our province, Chen Muhua, state councillor and president of the People's Bank of China, repeatedly stressed that the key to compressing an inflated atmosphere lies in fundamentally controlling capital construction items not assigned by plans and in controlling the excessive growth of the scale of credit and consumption. Our financial systems must do well in using funds in a lively way, constantly perfect macroeconomic controls, and closely cooperate with enterprises in carrying out the drive to increase production and revenue, reduce expenditures, and practice economy.

Chen Muhua began making a 4-day inspection tour of our province on 26 February. During the tour, she inspected a number of enterprises in Xiangtan, Changsha, and Yueyang Cities and listened to briefings given by responsible persons of the party committees and governments in these cities.

On the morning of 28 February, Chen Muhua held talks with Mao Zhiyong, Xiong Qingquan, Chen Bangzhu, (Shen Ruiping), and Yang Huiquan, responsible persons of the provincial party committee and the provincial government, and with responsible persons of the relevant provincial departments.

Provincial Governor Xiong Qingquan gave a briefing on last year's development of industrial and agricultural production in our province and on this year's work of implementing the relevant spirit of the central authorities, deeply waging the struggle against bourgeois liberalization, and carrying out the drive to increase production and practice economy and increase revenue and reduce expenditure in our province. Chen Muhua fully affirmed our province's achievements in promoting economic work last year and expressed appreciation for our province's 10 measures adopted for increasing production, practicing economy, increasing revenue and reducing expenditure.

Chen Muhua was very much concerned with the reform of financial systems in our province. She said: Financial systems must support and accommodate each other, strengthen coordination, actively organize short-term money markets, open up long-term money markets, strengthen lateral accommodation of funds, set up clearing houses at various levels, and carry out high-level and transprovincial clearing work.

REPORT NOTES IMPROVEMENT IN TOWN ENTERPRISES

HK261008 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0729 GMT 24 Feb 87

[Report: "Town Enterprise Economy Is Rising in China"]

[Text] Beijing, 24 February (ZHONGGUO XINWEN SHE) -- The town-enterprise economy is rising abruptly in China's vast agricultural areas where farming has all along been the dominant factor. Official statistics show that last year, the gross output value of town enterprises across the country exceeded 338 billion yuan, which was 24 percent over the previous year.

According to figures recently made public by the State Statistical Bureau, China's gross agricultural output value reached 394.7 billion yuan last year.

China's town enterprises first grew up in large economic provinces along the coast such as Jiangsu, Zhejiang, and Shandong. Last year, there was also a relatively great development of these enterprises in the hinterland and in remote and border provinces such as Jilin and Gansu. Even in the relatively backward Xizang Autonomous Region, the number of town enterprises also grew to more than 20,000 and their gross output value exceeded 100 million yuan last year.

Xu Xingguan, vice governor of Zhejiang Province, recently grouped China's town enterprises under two categories: One is the "local resources type," that is, town enterprises which have been set up not long ago in mountain and semi-mountain areas, depend on local resources, and are mainly engaged in cultivation, breeding, and processing. The other is the "technical operation type," that is, town enterprises which have been set up with imported capital in areas with a higher economic level, depend on imported raw materials, and serve big industries and export.

The abruptly rising town enterprises are now on an equal footing with agriculture and have become one of the two mainstays in China's rural economy. Their ties with urban industries are increasingly closer, thus promoting urban and rural economic combination.

According to incomplete statistics on town enterprises in 10 cities and prefectures in Shandong, including Jinan and Yantai, nearly 16,000 lateral combination projects were developed and more than 10,000 combined enterprises were formed last year.

Recently, the shareholding system has been universally implemented in town enterprises in some areas in Sichuan, Henan, Shanxi, and other provinces. The two enterprises are exploring new forms of economic organization.

REFORMS CONTINUE; PILOT CITIES INCREASE

OW270349 Beijing XINHUA Domestic Service in Chinese 1302 GMT 26 Feb 87

[Excerpts] Beijing, 26 Feb (XINHUA) -- The number of pilot cities carrying out overall economic restructuring has continued to grow since China entered its Seventh 5-Year Plan. The achievements of these cities in such reforms as streamlining administration, delegating power, invigorating enterprises, and improving urban and rural economic patterns have given a strong impetus to the development of the whole national economy.

The overall number of reform pilot cities reached 74 by the end of 1986. According to data from the State Statistical Bureau, these cities have injected enterprises and local economies with new vitality, through persistent efforts to promote overall economic development, based on the invigoration of enterprises. Their total industrial output value in 1986 was 435.9 billion yuan, which was slightly higher than the average growth in national industry, accounting for 42.4 percent of the total national industrial output and representing an increase of 11.5 percent over 1985. The industrial growth rate of seven small pilot cities, each with a population of less than 200,000, was 23.8 percent, and the total industrial and agricultural output value of 68 pilot cities, which implemented, on a trial basis, the management system whereby the city exercises leadership over the county, rose by 10.7 percent over 1985. Particularly noticeable was the pace of agricultural development, which was faster than the average national speed of development. The role of large and medium-sized cities in spurring the agricultural development of suburban counties was especially prominent.

In addition to developing production, these pilot cities also expedited reforms in commodity circulation and stressed their general role in promoting economic development. They opened their doors wider, resulting in brisk commercial and market trade and burgeoning capital goods markets. The total volume of their social commodity retail sales in 1986 was 164.5 billion yuan, accounting for one-third of the national figure. [passage omitted]

Another outstanding achievement by the pilot cities in last year's reforms was gradually evolving all forms of multilayer and multichannel joint entity in urban and rural areas, with large and medium-sized enterprises as the backbone and urban collectives and rural enterprises as the wings, for the purpose of promoting local economic prosperity, and at the same time, expanding interregional, lateral economic ties. [passage omitted]

Judging from the current situation in the pilot cities in carrying out our overall economic restructuring, inadequate autonomy for enterprises, incomplete reform measures, and imperfect economic legislation remain the outstanding contradictions yet to be solved, with more attention in the course of reform and economic development.

TIAN JIYUN CITES REFORM, AGRICULTURE IN SICHUAN

HK240126 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Feb 87

[Text] Comrade Tian Jiyun, member of the CPC Central Committee Political Bureau and vice premier of the State Council, inspected Sichuan from 16 to 22 February. During his stay, he visited Chengdu and Chongqing Cities and Guanghan County, where he inspected factories and peasant households, chatted with grass-roots cadres and peasants, and listened to reports delivered by leading comrades from the provinces, cities, and counties. He focused on investigating and finding out the current situation in agricultural production and economic structural reforms.

Tian Jiyun pointed out: The situation as a whole in Sichuan Province is good. The economic situation is good. There is political stability and unity. We should further consolidate and develop this situation.

Tian Jiyun said: Agriculture is the foundation of the national economy, and grain is the foundation of the foundation. Hence, in the future, we must continue to summon up great resolve and adopt effective measures to boost the reserve strength of agriculture, to ensure sustained and steady development of agricultural production, especially grain production. We must resolutely implement the principle of actively promoting diversification without relaxing grain production in the slightest. Readjustment of the agricultural structure must be carried out steadily in light of local conditions. The sown area of grain must be ensured. Places where counties are under the administration of cities must provide assistance and support for agriculture in many respects.

While conducting investigation and study in factories and enterprises, Tian Jiyun expressed the hope that everyone will grasp three tasks this year:

1. Grasp education by positive example for staff and workers in upholding the four cardinal principles and opposing bourgeois liberalization, to enhance their understanding that only socialism can save China.
2. Deepen the reforms and invigorate the enterprises. In particular, it is necessary to explore the question of how to invigorate large and medium enterprises owned by the whole people. In this respect, separating enterprise ownership and operating powers is the focal point.
3. Launch in depth the drive to increase production and practice economy, and increase revenue and economize expenditure, to ensure the dovetailing of the microeconomy and macroeconomy. We must rely on the masses and pursue practical results.

While conducting investigation in Guanghan County on 18 February, Comrade Tian Jiyun made an important speech on compressing the atmosphere. After visiting various enterprises and listening to a report on reforms delivered by county party committee Secretary (Nie Wenzhi), he was interviewed by our station reporter and discussed the question of whether the state's guideline of compressing the atmosphere in capital construction investment this year would have any effect on the town and township enterprises.

He said: The guideline for town and township enterprises is development, not compression. The circulating funds of the town and township enterprises should be supported.

In compressing the atmosphere this year, there are two things that cannot be compressed: 1) The measures for boosting the reserve strength of agriculture; 2) The measures for invigorating the enterprises.

COMMENTATOR STRESSES INCREASED GRAIN OUTPUT

HK270651 Beijing REDMIR RIRAO in Chinese 24 Feb 87 p 1

[Commentator's article: "Grain Output May Increase to a New Level"]

[Text] Our country's grain output must be increased to a new level, which means that by the year 1990, our country's grain output must have reached 450 billion kg, and by the year 2000, it must have reached 480 or 500 billion kg. Such figures are essential to a steady improvement in people's livelihood, social stability, and the overall development of our national economy.

It is possible for us to realize this goal? Quite a number of comrades are worried about it and some comrades have even drawn a pessimistic conclusion. They think: Our country turned out 390 billion kg of grain last year, compared with the all-time high of 410 billion kg in 1984. In order to increase our country's grain output to the first new level in 1990, which would mean that our country would have produced a total of 50 billion kg more of grain by that time, then our country's annual grain output increase rate must be around 10 billion kg. In order to increase our country's grain output to the second new level by the year 2000, our country's average annual grain output increase rate must be around 5 billion kg more. It is very difficult to achieve such goals.

Is it possible for our country's grain output to be increased to these two new levels? We believe it is possible. One of the basic reasons is that our country's grain production still has great potential. There is such a self-evident figure: At present, our country's high-yield farmland makes up only 10 percent of the total area now under cultivation, while moderate- and low-yield farmland makes up the remaining 90 percent. According to an analysis, our country's high-yield farmland produces over 300 kg more grain per mu than the low-yield farmland, while the moderate-yield farmland produces over 180 kg more grain per mu than the low-yield farmland. If China upgrades 50 million mu of its low-yield farmland (less than 10 percent of the total area of low-yield farmland) into moderate-yield farmland in the next few years, China's grain output will increase by over 9 billion kg. If the low-yield farmland on that acreage is further upgraded to the high-yield category, another 15 billion kg of grain will be produced. Together with other feasible and effective measures, our country has great potential for increased grain production.

By saying all this, we do not mean that boosting grain production is an easy task, but wish to explain that the two new levels will be reached through a lot of effort from many sources. [paragraph continues]

However, achieving these two new levels is actually possible. The pessimistic view which says that it is impossible to increase our country's grain output to a new level is groundless. It is equally unnecessary to worry too much about grain production. Neither a skeptical attitude nor pessimism are conducive to arousing the fighting will and strengthening the confidence of the masses. Therefore, like the view of overlooking the importance of grain production, the skeptical attitude and pessimism must also be overcome.

In the future, we should mainly develop grain production through the following two methods: one is to further carry out the reform, gradually smooth out the relation between grain production and other types of production, increase the economic results of grain production, and maintain and arouse the peasants' enthusiasm in grain production; and the other is to increase investment in grain production, improve the material and technological conditions for grain production, foster the reserve strength for grain production, and gradually stabilize our country's grain output. At present, we are making efforts in these two aspects. The goal of increasing our country's grain output to a new level is explicit, but the task is not an easy one. However, so long as we have concrete measures and make concerted efforts, we will surely be able to achieve our goal.

RURAL SUPPLY, MARKETING CO-OPS PLAY MAJOR ROLE

OW261926 Beijing XINHUA in English 1433 GMT 26 Feb 87

[Text] Beijing, February 26 (XINHUA) -- The supply and marketing cooperatives, collective organizations in China's rural areas have posed a great challenge to state businesses, with net sales last year reaching 132.16 billion yuan, almost identical with those of state businesses.

According to the Ministry of Commerce, there are now more than 700,000 marketing and sales centers run by the supply and marketing cooperatives in the rural areas, 100,000 more than five years ago.

Through years of reform, the supply and marketing cooperatives in rural areas have resumed its collective nature and peasants are encouraged to buy shares.

Not only do they market and sell goods to the 800 million peasants but also invest in running production centers, provide peasants with funds and information and techniques for expanding production and train peasant technicians.

Last year the co-ops provided peasants with production funds totalling 600 million yuan, trained 4.3 million peasant technicians and published 13 million pamphlets about agrotechnique and market information.

According to a statistical report provided by Hebei province in North China, the co-ops joined local peasants in setting up more than 200 cooperatives specializing in raising chickens, sheep, martens, bees and rabbits, as well as growing mushrooms and processing farm products for 810,000 households in specialized production.

The rural supply and marketing cooperatives also act as liaison between urban and rural areas, forming close ties with wholesale and retail sale enterprises in urban areas. They bring farm produce to cities and take back industrial products to peasants.

Through cooperation with urban industrial and commercial organizations, 820 such co-ops around Beijing and Tianjin supplied the two municipalities with 200 million kg of vegetables, 60 million kg of fruit, 20 million kg of pork, poultry and eggs, and 160 million kg of grain and edible oil last year. At the same time, they purchased 246 million yuan-worth of industrial goods from the municipalities for rural areas.

The co-ops have also set up more than 2000 farm and sideline produce trading centers and wholesale departments in cities to directly sell goods to cities and purchase products from urban factories.

By the end of last year, the co-ops across the country had a sum of capital totalling 36.2 billion yuan, storage facilities with a total floor space of 85 million sq meters, and 74,000 motor vehicles and ships.

OIL INDUSTRY HOPES TO EXCEED ANNUAL QUOTA

HK270325 Beijing CHINA DAILY in English 27 Feb 87 p 1

[By staff reporter Ding Lisheng]

[Text] China's oilfields pumped 11.3 million tons of crude oil in January, 5.3 per cent more than in the same month last year, making the Ministry of Petroleum Industry optimistic about over-fulfilling this year's State target of 133 million tons, a ministry spokesman told CHINA DAILY.

The ministry decided to strive to produce 1 million tons more than the State quota through increasing production while practising economy and without breaking the State-fixed capital construction scale, he said.

The ministry also planned to increase the daily supply of natural gas to Beijing to 400,000 cubic metres and that to Tianjin to more than 400,000 cubic metres by the end of this year. It required Zhongyuan Oilfield to complete a pipe project on schedule and regularly provide natural gas to Cangzhou City in Hebei Province this year, he said.

"The industry is facing two serious problems this year," the spokesman said. "The State needs more oil for ever-expanding agricultural and industrial production. At the same time, funds needed by the oilfields for capital construction are in short supply because of the low oil prices on world markets."

So the ministry decided to rely on advances in science and technology and better management to further tap the industry's potential. In this way, it hoped to maintain steady growth in the outputs of crude oil and natural gas, he said.

To help develop the economy in the former base areas of the Communist Party and the Party-led armies, areas where ethnic minorities live, frontier and poor areas, the ministry had decided to quicken the exploration of oil and natural gas resources he said.

An oilfield in Zepu area of the southern Xinjiang Uygur Autonomous Region is under construction. By the end of this year, an oil refinery and a natural gas liquefaction plant will be completed. By 1989, a synthetic ammonia plant will be put into operation.

In the next two years, the infrastructure including an oil-transport pipe for an oilfield in the western Qaidam Basin of the Qinghai Province will be completed. By 1990, the Golmud Oil Refinery will be put into operation.

During the Seventh Five-Year Plan period (1986-90), the ministry will also quicken the construction of oilfields in the Erlian area of Inner Mongolia Autonomous Region, Baise in Guangxi Zhuang Autonomous Region and Ansai in Shaanxi Province.

Last year, China produced 130 million tons of crude oil, million tons more than in 1985. The growth rate was 15 per cent of the average annual growth rate for the Sixth Five-Year Plan (1981-85), the spokesman said.

The country also produced 13.4 billion cubic metres of natural gas, 600 million cubic metres more than in 1985.

LIAOWANG COMMENTATOR ON PERSISTING IN RURAL REFORM

HK021101 Beijing LIAOWANG in Chinese No 7, 16 Feb 87 p 1

[Commentator's article: "Persist in Rural Reform"]

[Text] The line, principles, and policies drawn up since the 3d Plenary Session of the 11th CPC Central Committee boil down to the following two basic points: First, adhering to the four cardinal principles, and second, persisting in reform, opening up to the world, and invigorating the domestic economy. Great changes have taken place in the economic field, social features, and mental outlook in the rural areas as a result of implementing the line, principles, and policies drawn up since the 3d Plenary Session of the 11th CPC Central Committee, adhering to the four cardinal principles, opening up to the world, and invigorating the domestic economy. This is obvious to all. Everyone says that a socialist rural economic structure with Chinese characteristics is taking shape.

The CPC Central Committee recently announced a document on 1987 rural work summing up the peasants' practical experience and China's rural development. Like a number of documents on rural reform issued since the 3d Plenary Session of the 11th CPC Central Committee, this one will further promote China's rural reform and rural economic development. The peasants have doubted whether the CPC Central Committee's rural policy will change. This document has given a definite answer: It will not change. Rural reform will continue and the basic policy on rural work drawn up by the 3d Plenary Session of the 11th CPC Central Committee will be further implemented. Apart from all this, rural reform will be carried out in a more deep-going way.

What will remain unchanged? In short, the principles on reforming the former people's commune system, separating government administration from enterprise management, exercising the output-related contract responsibility system on a household basis, and expanding the producers' operational power will remain unchanged. The principles on readjusting the rural production structure, rationally distributing grain and other industrial crops, developing forestry, animal husbandry, fishery, industry, mining, commerce, construction, and transportation, and allowing the rural economy to take on a diversified nature will remain unchanged. [paragraph continues]

The principles on reforming the economy under ownership by the whole people, improving the cooperative economy, developing the individual economy and private enterprises, and making public ownership the leading factor while allowing a diversified economy to exist will remain unchanged. The principles using regulatory methods such as prices, taxation, credit, and laws to guide rural economic operations will remain unchanged. All these are the party's basic principles for rural reform in the present period. Various localities should put these principles into effect in the light of their conditions. In this way, the economy and reforms in the rural areas will develop healthily to new heights.

China's rural economic structural reform is a long-term process. It cannot be fulfilled at one stroke. The new system is replacing the old one. However, as the new system is still imperfect and the old one is playing its role in various fields, many difficulties and contradictions are sure to arise. We should make full mental preparations for this. As we have said, we should resolutely persist in rural reform and adhere to the party's basic principles and should not hesitate at the sight of obstacles. On the other hand, we should be cautious, take steady steps, appropriately resolve contradictions and problems, and strive to avoid detours.

Some comrades say that there is not much rural potential left, as it has been tapped to the maximum; nor are many reform methods available. This is right and at the same time wrong. Several years ago, rural economic structural reform made it possible for the long-accumulated economic potential in the rural areas to be fully tapped. Following the change in various conditions, it is now impossible to achieve such a development rate as in the past, because the rural areas have entered the new stage of sustained and coordinated development.

But it is wrong to say that there is not much rural potential left. Rural economic structural reform has created potential and a sustaining power. Much remains to be done! For example, the new rural economic structure is just taking shape. It needs to be enriched, consolidated, and improved. Reform measures in various fields still remain behind and need to be improved. The peasants' initiative has not been brought into full play. The development of different localities is not in balance. Only when a good job is done in these respects, will rural economic structural reform and the rural economy take on a new look.

There is much to do at present, such as reforming the unified procurement system for agricultural products and setting up and improving the market system for agricultural products. This refers to the key task in the second step of rural reform. Under state macroeconomic control and through regulation by the market mechanism, it is necessary to guide the rational flow of funds, technology, and labor force between different regions and industries so as to form capital and technology markets. It is necessary to further improve the rural double operational system, to stabilize the output-related contract responsibility system, to develop economic combination in various forms, and to implement stable principles for specialized households and individual dealers. Further efforts should be made to shift the rural labor force from crop-growing for the purpose of forming a new rural production structure characterized by the comprehensive development of agriculture, industry, and commerce. It is necessary to strengthen the construction of grass-roots organizations, and the construction of organizations at the village level in particular, to do a good job in rural ideological construction and spiritual civilization, to give rural cadres and the peasants education in adhering to the four cardinal principles, and to enable socialism to occupy the rural position. With these jobs done well, a new situation will arise in which the rural economy is prosperous and the peasants' mental state is lively and healthy. What a good prospect it is!

One question merits attention, that is, the question of grain. Feeding the 1 billion people is really a big problem. The key issue of agriculture is grain production. If grain production cannot be stabilized, forestry, animal husbandry, and fishery cannot be stabilized either; and big problems in agriculture will also affect the development of industry. Therefore grain production should never be overlooked. Instead, various localities should pay close attention to this problem and place it in a very important position.

The CPC Central Committee's guiding principle on rural work for 1987 has been transmitted. All localities should put it into effect in the light of their own conditions. We are convinced that there will be further achievements and new progress in China's rural reform and rural economy this year.

NONGMIN RIBAO VIEWS NATURE OF RURAL REFORM

HK270921 Beijing NONGMIN RIBAO in Chinese 21 Feb 87 p 1

[Commentator's article: "Reform Is Self-Perfection of the Socialist System -- Second Talk on Deepening Rural Reform"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, reform has been carried out generally in the countryside, and this is a self-improvement process of the socialist system. The first affirms that our current system must be a socialist system; and at the same time, it also indicates that this system is not yet perfect and needs to be reformed. Therefore, the rural reform is never a negation of the socialist system, nor is it a process of "pulling down the old structure completely to start a new one."

Practice shows that our rural reform in recent years was carried out in a planned and orderly way under the leadership of the party and government, and was subject to the principle of taking public ownership as the main body and enabling peasants to get rich together. In the reforms, only things which obstruct the development of rural productive forces and restrain the initiative of the peasants were changed. So the reforms have further developed the productive forces and promoted agricultural modernization.

Our socialist construction is an unprecedented cause that is advancing through continuous explorations. In the past 30 years and more since the founding of the People's Republic, we have made great achievements in rural construction. However, there remain many defects in the rural economic management system. The first step of the rural reform changed the former structure of people's communes by separating economic operations from government functions and adopting the output responsibility system mainly based on household contracts. This changed the unified operation into a dual form which combined unified and scattered operations, expanded the decisionmaking power of producers, and aroused the work enthusiasm and operation initiative of the peasants. This formed an important precondition for the development of the commodity economy. With the development of the commodity economy, a variety of economic combination forms, including contracted undertakings, cooperative undertakings, and joint stock undertakings, have appeared in the countryside, together with some specialized households and individual enterprises. An economic structure which includes various economic elements and various operation forms, with public ownership as the main body, has basically taken shape. This new structure maintains the positive achievements of the cooperative economy, maintains public ownership over land and other major means of production, keeps public ownership as the main body, and ensures the continuing development of the cooperative economy. [paragraph continues]

Our reform is focused on: Overcoming the defects of disregarding the actual conditions of agricultural production, disregarding the peasants' enthusiasm for developing the individual economy and the cooperative economy, imposing excessively centralized control over the management in the cooperative economy, and pursuing the "big pot" system in assigning work and distributing incomes among peasants, so as to give necessary decisionmaking power to the producers; changing the unitary operation form of the cooperative economy and allowing peasants to select their favorite combination forms and operation forms and to develop various economic combinations and operation forms; and changing the previous "leftist" practice of banning the individual economy in the countryside and allowing the individual economy to develop under the premise of ensuring the dominant and leading position of public ownership, thus making the individual economy a necessary supplement to the socialist economic structure. All such changes have added vigor to the rural economy, opened new sources of income for the peasants, and promoted the gradual improvement of the new rural economic structure.

With the readjustment of the production structure and the development of economic diversification, reform has been deepened and expanded to the circulation field. The second step of the rural reform began in 1985, and its central task is to gradually reform the state farm product purchase system and to set up and perfect a market system for farm products. For a long time in the past, farm products were purchased by the state under a monopoly system, which performed the function of distributing both products and benefits under rigid control. Now, different reform measures and steps have been adopted for the distribution of different farm products. They include contract purchase, market purchase, and free marketing. This will help adapt agricultural production to market needs. Meanwhile, peasants are encouraged to organize themselves to participate in handling their products in the circulation field, and rural supply and marketing cooperatives have been turned into peasants' commercial organizations. More commercial channels at different levels have been opened to facilitate commodity circulation. Other production factors, namely, funds, labor force, and technology, have also begun to move horizontally. All this indicates the in-depth development of the reform and the further self-improvement of our socialist system.

Our countryside is now still in the elementary stage of the development of socialism, so we cannot "make our socialism completely pure." For example, the commodity economy is a powerful force in promoting the development of social productive forces in history, and we should carry it forward in building socialism, that is, to develop a socialist commodity economy, use the commodity economy and the law of value to organize modern social production. In a commodity economy, we should conduct economic accounting and pay attention to economic efficiency. Currency is an equivalent of commodities and a medium for commodity exchange. The laws of values will certainly function in a commodity economy. Under these circumstances, we must correctly understand and treat seriously the commodity economy under the socialist system. First, we should acknowledge that ours is a socialist commodity economy and should acknowledge the role of the law of values. In particular, we must be sure that our commodity economy is socialist in nature, and must adhere to this political orientation. Economic relations must not be introduced into the political and ideological field, and we must not place money above everything. Therefore, when developing the socialist commodity economy, we must strengthen ideological and political work. As another example, many socioeconomic forms in history more or less maintained the vestiges of old socioeconomic forms. Similarly, the socialist economy cannot consist of a purely unitary economic element. [paragraph continues]

With public ownership being kept as the main body, the individual economy should also be allowed to exist as the supplement to the public ownership system. The development of the individual economy will lead to cooperation or private enterprises, so we should strengthen management and guidance.

In order to develop the rural reform in depth and to further improve the socialist system in the countryside, we must make more effective investigations and studies and boldly make explorations. The rural reform is an extremely complicated systems project, which cannot follow any ready examples. The formulation and implementation of every reform measures and scheme need a great deal of investigation and study, and need the soliciting of all kinds of opinions. Final decisions can be made only after all kinds of options have been fully and repeatedly discussed, assessed, and compared. Only thus can we ensure the smooth development of the reform and prevent unexpected setbacks.

The socialist system in our countryside has been firmly established. Undoubtedly, with the in-depth development of the reform the socialist system will become perfect, and a vigorous and healthy new situation in which the economy becomes more open, more dynamic, and more prosperous will certainly appear in the vast countryside.

JINGJI RIBAO PROMOTES SECOND STAGE RURAL REFORM

OW280722 Beijing XINHUA in English 0707 GMT 28 Feb 87

[Text] Beijing, February 28 (XINHUA) -- To keep us with China's rural commodity economy development, reforms focusing on diversifying markets and product distribution should be accelerated, a commentary in "ECONOMIC DAILY" said today.

"These two areas should be the focus of China's second-stage rural reform," the commentary added.

"The complicated problem of product distribution can be dealt with in different ways according to the product involved and the current situation," the commentary said.

"Careful planning is necessary in reforming grain distribution," the commentary said, "because a steady supply of grain is essential to China's economy."

"State quotas must be set for those farmers producing grain, and only after these quotas are met can they sell excess grain on the open market," the commentary stressed.

"Establishing and improving distribution organizations is another task for rural authorities," the commentary said, "and rural authorities should support this type of organization initiated by farmers."

FUJIAN LAW PROPAGATION, EDUCATION MEETING ENDS

OW261115 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 25 Feb 87

[Text] The Fujian Provincial Conference on Law Propagation and Education closed today after a 4-day session.

At the conference, Chen Zhenliang, director of the Fujian Judicial Department, made a report entitled: Earnestly Implement the Decision on Safeguarding Stability and Unity by Intensifying Law Education, and Deepen the Work of Popularizing Common Legal Knowledge.

Addressing the closing ceremony, He Shaochuan, member of the Standing Committee and head of the Propaganda Department of the Fujian Provincial CPC Committee, said: The four cardinal principles are the basic principles of the party and those for administering the state. All our work must be guided by these fundamental political principles. We must be fully aware that intensifying law propagation and education is important for upholding the four cardinal principles and safeguarding stability and unity. Leaders at all levels must consider the propagation of law an important part of intensifying the building of a spiritual civilization.

Commenting on studying, propagating, and implementing the NPC Standing Committee's decision, Comrade He Shaochuan urged all leading cadres to take the lead in studying and propagating the decision, and to set an example in following and implementing the decision. He said: Judicial and propaganda departments should give full scope to their function of coordinating all quarters to study, propagate, and implement the decision until its guidelines are known to all households and all people.

Comrade He Shaochuan stressed: The propagation and implementation of the decision should take reality into account, and attention should be given to achieving actual results and avoiding formalism and perfunctoriness. Guided by the plans drawn up by the CPC Central Committee and the provincial party committee, we should act earnestly and make sure that the study, propagation, and implementation of the decision proceed properly and soundly.

FUJIAN'S CHEN GUANGYI RECEIVES SCIENTISTS

OW261321 Fuzhou FUJIAN RIBAO in Chinese 18 Feb 87 p 1

[Dispatch by reporter Chan Minzhen]

[Excerpts] On the afternoon of 16 February, 12 young and middle-aged experts who have been cited as national outstanding experts and are currently working in our province visited the office of the provincial party committee at the invitation of leaders of the provincial party committee and the provincial government. Chen Guangyi, Hu Ping, Jia Qinglin, and He Shaochuan met with them in a cordial atmosphere and highly praised the spirit they displayed in waging hard struggle, bravely scaling heights, and vying to make contributions. [passage omitted]

The provincial leaders read the materials detailing the experts' backgrounds and achievements and attentively listened to their remarks. From time to time, the leaders interrupted and inquired about their working and living conditions. The experts reviewed the achievements made since the 3d Plenary Session of the 11th CPC Central Committee and reached the following unanimous conclusion: The past 8 years have been the best period since the founding of the People's Republic. We should treasure the present situation of stability and unity and make unswerving efforts to uphold the four cardinal principles and oppose bourgeois liberalization. [paragraph continues]

Wei Kemei and Lin Yuankun said: "We are ordinary scientific research workers, but what we are doing is being respected by the party and the people. The honor accorded us today is unforgettable. Occasions like this make us invariably think of our colleagues who work in cooperation with us as well as of all those comrades who support our work. The relationship between the party and intellectuals is as close as that between fish and water." [passage omitted]

Chen Guangyi and Hu Ping, on behalf of the provincial party committee and the people of Fujian, thanked the experts for their hard work, praising them as elements who stand out among the young and middle-aged people in our province. Chen Guangyi said: "You have carried on the spirit of hard struggle, overcome the difficulties caused by the relatively poor working and living conditions, and worked neither for fame nor for personal gain. You have made achievements by displaying the spirit of doing hard pioneering work and striving courageously to scale heights. We are greatly inspired hearing what you have done. We will certainly pay attention to solving the difficulties and problems you are currently encountering in your work. At the same time, we hope that comrades of all departments will act as good rear service personnel serving the needs of scientific research personnel on the forefront of research so that they can wholeheartedly devote themselves to their work. We will make the whole society attach importance to science and technology and respect knowledge and competent personnel."

With regard to future work, Chen Guangyi said: "First, we will carry out intensive reform of the science and technology management system, remove the restrictions on the activities of scientific and technological organizations as well as of scientists and technicians, and see to it that science and technology are linked to production. Second, we will take further steps to implement various policies aimed at mobilizing the initiative of all scientific and technical workers, such as the personnel policy and the science and technology policy."

Concluding his speech, Chen Guangyi asked the young and middle-aged experts to act not only as outstanding scientific researchers but also as leaders in training qualified scientific and technical workers. He also expressed the hope that they will pay attention to needed rest as well as work and take good care of their health.

Also present at the meeting were responsible persons of the Organization Department of the provincial party committee, the provincial Bureau of Scientific and Technical Cadres, the provincial Department of Finance, and the provincial Association for Science and Technology. Following the meeting, the provincial leading comrades and the 12 experts posed for a group picture to mark the occasion.

JIANGXI EXAMINES CONCLUDING PARTY RECTIFICATION

OW270527 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Feb 87

[Text] The office of the party rectification leading group under the provincial party committee held a meeting in Nanchang 22-23 February for directors of party rectification offices under the prefectural and municipal party committees. The meeting examined the situation in all localities in studying and implementing the guidelines set out in the relevant documents of the CPC Central Committee, heard reports about village-level party rectification, and studied and planned how to properly complete it. Xu Gin, deputy secretary of the provincial party committee, attended and addressed the meeting.

Xu Qin pointed out that the relevant documents handed down by the CPC Central Committee this year not only are important in thoroughly combating bourgeois liberalization, but also guide us in how to properly complete party rectification. All localities should continue to study them earnestly, understand their essence, and clarify misunderstandings and misconceptions among party members concerning party rectification in general, and village-level party rectification in particular. They should unify everyone's views of party rectification with that of the CPC Central Committee's relevant documents and, in the spirit of seeking truth from facts, assess achievements and inadequacies in party rectification and examine experience gained.

Xu Qin said: Jiangsu's village-level party rectification has basically come to an end. The work is now primarily one of taking care of unfinished projects. First of all, the few village party branches which have not finished party rectification must make an effort to do so. If make-up projects have to be carried out, they should be done promptly. Second, financial matters should be settled and reimbursements made. Third, achievements of village-level party rectification should be consolidated and developed. We must draw up specific measures for establishing or improving leadership, inner-party life, and party members' education, and for bringing party members' exemplary vanguard role into full play so that village-level party branches are able to handle party and economic affairs and other work, and so that these party branches can be built into strong leading cores. This is an important aspect in consolidating and developing results of village-level party rectification.

On settling unfinished party rectification projects, Comrade Xu Qin emphatically pointed out: Efforts must be made to deal with five tasks within a time limit. First, units yet to rectify their party organizations or complete their work must make an effort to accomplish the task. All localities should organize personnel to assist these units. In the course of party rectification, make-up lessons on adhering to the four cardinal principles must be given. Second, unfinished problems concerning organizational measures for, and registration of, party members must be thoroughly reexamined and settled before party rectification is over. Third, make-up lessons concerning party rectification must be carried out among those few party members who have not taken part. All localities should take measures to solve this problem once and for all. Party members who have not participated in party rectification without a justifiable reason must be properly handled when party rectification comes to an end. Fourth, efforts must be made to check results of party rectification and finish the project in the rural areas. Fifth, the handling of discipline must be expedited. [word indistinct]

Xu Qin pointed out: All localities must properly sum up the results of party rectification, using the guidelines set out in the relevant documents of the CPC Central Committee this year and those set out in Comrade Bo Yibo's speech on 18 November 1986. Party organizations at all levels must continue to strengthen their leadership over party rectification. County party committees are still required to assume full responsibility for leading village-level party rectification so that Jiangxi's party rectification can be accomplished satisfactorily.

SHANDONG OFFICIAL ON COLLEGES' IDEOLOGICAL WORK

SK260834 Jinan Shandong Provincial Service in Mandarin 2300 GMT 25 Feb 87

[Text] At a recent provincial meeting of party committee secretaries of institutes of higher learning, directors of the propaganda departments of city and prefectural party committees, and directors of city and prefectural education bureaus, Lu Maozeng, deputy secretary of the provincial party committee, said: The educational front should grasp well two major things this year.

One is to oppose bourgeois liberalism, and the other is to continue reforms in the educational field.

Lu Maozeng urged party committee of various localities and institutes of higher learning to strengthen and improve leadership over political and ideological work. He said: School party committees should shift their major efforts to ideological and political work and grasp well party building with great efforts. Party members are not permitted to violate the four cardinal principles and to disseminate speeches which advocate bourgeois liberalism. This should be taken as a code of political discipline. Party committees should regard strengthening ideological and political work as an important item in their agenda, and their performance in carrying out this work as an important criterion to evaluate their political discipline. They should improve the leadership system, perfect the command system, and strengthen their work organs. Party committees of the institutes of higher learning should conscientiously adjust, replenish, and reinforce the departments in charge of the students' work and the general party branches of the faculties based on actual conditions. Party committees of various cities and prefectures should also further strengthen their leadership over the ideological and political work of the institutes of higher learning in their own localities and improve their CYL work.

Comrade Lu Maozeng said: At present, the most important work is to conduct education in upholding the four cardinal principles among students. All teachers should not only imbue their lectures in classrooms with ideological work but often hold heart-to-heart talks with students after school so that every student will receive ideological education. Professors and schools with higher academic levels and greater influence should all the more make use of their influence to make contributions to imparting knowledge and educating people.

Lu Maozeng also urged institutes of higher learning to make good arrangements for social practice. They should further open up democratic channels, enforce the system under which school and faculty leaders hold regular dialogues with students, and designate certain dates to meet with students regularly. Cities and prefectures should guarantee the supply of materials to the institutes of higher learning in their own localities.

SHANDONG PEOPLE'S CONGRESS MEETING CONCLUDES

SK260445 Jinan Shandong Provincial Service in Mandarin 2300 GMT 25 Feb 87

[Text] The 24th Standing Committee meeting of the 6th provincial People's Congress concluded at Jinan's Nanjiao Guesthouse on the afternoon of 25 February. The meeting decided to convene the Fifth Session of the Sixth Shandong Provincial People's Congress in Jinan in late April 1987.

At a plenary session that afternoon, participants unanimously approved a resolution of the provincial People's Congress Standing Committee on studying and implementing the NPC Standing Committee's decision on intensifying legal education to maintain stability and unity, the Shandong Provincial methods for the management of township collective mining enterprises and individual mining undertakings, the Shandong Provincial methods for implementing the PRC Land Management Law, and personnel appointments and removals.

Xu Leijian, vice chairman of the provincial People's Congress Standing Committee, presided over this plenary session. Chairman Li Zhen and Vice Chairman Xiao Han, Zhang Zhusheng, Xu Jianchun, Lin Ping, Zeng Chengkui, Lu Hong, Xu Sen, and Yan Qingqing attended.

Attending as nonvoting delegates were Gao Keting, Qin Hezhen, Gao Qiyun, Wei Jianyi, (Pan Chengdong), (Fu Zengju), (Wang Yunxiu), (Jiang Shihe) and (Lu Hongbin), deputies to the NPC; Song Yimin, adviser to the provincial government; Han Bangju, president of the provincial Higher People's Court; Zang Kun, chief procurator of the provincial People's Procuratorate; and responsible comrades of relevant departments of the provincial government.

ZHEJIANG HOLDS COLLEGE IDEOLOGICAL WORK MEETING

OW250409 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 24 Feb 87

[Text] A provincial conference on ideological and political work in schools of higher learning, a provincial Education Commission work conference, and two other conferences were jointly held in Hangzhou today. Attending the conferences were some 280 college and university presidents and party secretaries, vice mayors and commissioners in charge of education, city and prefectural education commission chairmen, and political instructors.

Wu Minda, deputy secretary of the provincial party committee and vice governor, and Li Debao, vice governor and chairman of the provincial Education Commission, were present at the conferences, during which Comrade Li Debao spoke on the struggle against bourgeois liberalization in the education front. He said: To uphold the four cardinal principles and oppose bourgeois liberalization is the key to safeguarding political stability and unity, as well as to maintaining a stable situation in schools of higher learning. Ideological and political work in colleges and universities this year should be concentrated on opposing bourgeois liberalization.

Tan Zugeng, secretary of the party group and vice chairman of the provincial Education Commission, spoke on the guiding principles for running school and training students. He said: From a long-range view, moral integrity of college students is of vital importance to the political quality of the future generation of intellectuals, and to the destiny of the party and the country, i.e., the cause of socialism. Schools at all levels and of all types should further implement the policy of gearing education to the needs of socialist construction by making education more useful to socialist practice and intensifying ideological and political work at school. This is the basic guarantee for training qualified personnel for socialist construction. It is necessary to overcome the tendency in some schools of higher learning, where the training of specialized personnel is incompatible, at varying degrees, with the actual needs of socialist construction. Establishment of speciality, purposes of training, and the overall teaching process should be based on the needs of socialist construction. Currently, it is necessary to correctly handle the relationship between the reform and open policy and the four cardinal principles, and between politics and school management. It is necessary to attach great importance to ideological and political demands in training specialized personnel, so as to train socialist citizens with ideals, morality, general knowledge, and discipline, and raise the quality of the whole nation through basic education.

GUIZHOU MEETS ON UNITED FRONT, NATIONALITIES WORK

HK270237 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 26 Feb 87

[Excerpts] Provincial conferences on united front work and nationalities work opened in Guiyang on 26 February. These two conferences have been convened by the provincial party committee and government. CPPCC Vice Chairman Yang Jingren was present at the opening. Also present were leading comrades of the party and government in the province including Hu Jintao, Ding Tingmo, Luo Shangcai, and Miao Chunting. [passage omitted]

Comrade Yang Jingren made a speech, wishing the meetings success on behalf of the CPPCC. He said: Guizhou is a precious piece of China. Its resources are very abundant and its prospects excellent. He expressed the hope that the comrades will study Marxist-Leninist theory on the united front and on nationalities, and apply Marxist-Leninist stand, viewpoints, and methods to guide work and do all work still better.

Comrade Hu Jintao also spoke. [passage omitted] He said: Seriously summing up in a truth-seeking way the experiences of Guizhou's united front and nationality work in the past few years, further implementing the CPC Central Committee's principles, policies, and tasks for this work, and continuing to create a new situation in this work are the main tasks of these meetings and of united front and nationality work for the coming period. To fulfill this task, we must first understand and implement in a correct and all-round way the line since the 3d Plenary Session of the 11th CPC Central Committee. We must uphold the four cardinal principles, persevere in the principle of reform, opening up, and invigoration, fully understand the long-term nature and importance of the struggle against bourgeois liberalization and regard this as a major task to be tackled well this year.

Second, we must seriously implement the main tasks in united front work and the general principle for nationality work.

Third, we must unite all forces that can be united to strive to reunify the motherland and invigorate China.

Fourth, we must tangibly strengthen party leadership over united front and nationality work, and strengthen the unity of the people of all nationalities.

YUNNAN PEOPLE'S CONGRESS HEARS ECONOMIC REPORTS

HK240317 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 23 Feb 87

[Excerpts] The fifth session of the sixth provincial People's Congress held its second full gathering today. The session heard a report by Zhong Qiqing, director of the provincial Planning Commission, on the draft plan for the province's national economic and social development in 1987, and a report by Zhao Hua, director of the provincial Financial Department, on the local budget performance in 1986 and the draft budget for 1987. [passage omitted]

In his report, Zhong Qiqing spoke on the performance in executing the 1986 plan and on views for arranging the 1987 draft plan.

He said: In accordance with the central arrangements and in line with the spirit of the national planning work conference and the second plenary session of the fourth provincial party committee, the basic guideline for the province's national economic and social development plan for 1987 is to uphold the four cardinal principles, oppose bourgeois liberalization, launch the drive to increase production and practice economy and increase revenue and economize expenditure, actively promote reforms and opening up, strengthen and improve macroeconomic management, wage arduous struggle, build the country with hard work and thrift, do everything possible to reap a bumper harvest in agriculture, further invigorate the enterprises, enliven circulation, develop commodity economy, promote the progress of science and technology and the exploitation of brain power, and strive for still greater success in building material and spiritual civilization.

On agriculture, Zhong Qiqing said: To attain the goal of 20 billion jin of grain this year, we must mainly depend on policies, science and technology, and an increase in input. We should further perfect the grain contract purchase system. We should speed up the implementation of science and technology measures including popularizing fine-strain seed, using plastic sheeting for seedling cultivation, and so on. [passage omitted] We must ensure the investment in agriculture while cutting expenditure in various sectors.

On economic development in poor areas and minority-nationality and border areas, he said: During the Seventh 5-Year Plan we must basically solve the food and clothing problem for 4 million people living in poverty. To attain this goal, we should strive to resolve this problem for 1 million people this year. [passage omitted]

In his report, Zhao Hua stressed that the task of the local budget in 1987 is extremely arduous, but there are also many favorable conditions. So long as we have a clear idea of the situation, unify our thinking, and take effective measures, the difficulties can be overcome. Hence, under the leadership of the provincial party committee, we must uphold the four cardinal principles, oppose bourgeois liberalization in the political and ideological field, and strive in the economic field to increase production and practice economy and increase revenue and economize expenditure.

We must resolutely implement the series of central policies and principles and strive to make a success of the following tasks: 1) Seriously implement the guideline of arduous struggle and building the country with hard work and thrift; 2) deepen enterprises' reform, invigorate the enterprises, vigorously launch the drive to increase production and practice economy, and do everything possible to improve enterprise economic results; 3) strictly control the scale of investment in fixed assets and control construction not covered by the plan and non-productive construction; 4) resolutely cut expenditures, control the excessively rapid growth of consumer spending, strengthen capital management, and practice strict economy; 5) strengthen financial management and supervision, establish the correct ideas for handling finances, put rules and regulations on a sound basis, and strictly observe financial and economic discipline.

WANG BENZHONG SPEAKS ON YUNNAN'S ECONOMIC TASKS

HK270131 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 26 Feb 87

[Text] NPC Standing Committee Vice Chairman Wang Renzhong met the deputies attending the Fifth Session of the Sixth Yunnan Provincial People's Congress in Kunming on 26 February, and made a speech.

Vice Chairman Wang Rensheng said: In coming to Yunnan now, I have fulfilled a desire of many years. He said: In his report submitted to the provincial People's Congress session for discussion, Governor He Zhiqiang mentioned the strategic position of agriculture and called for strengthening the agricultural foundation. This is correct. The grain issue must be tightly grasped, not just in Yunnan, but in the whole country.

Agricultural production developed very rapidly after the 3d Plenary Session of the 11th CPC Central Committee, and difficulty in selling grain occurred in some areas. This temporary phenomenon caused misunderstanding among certain cadres and peasants, and they relaxed grain work somewhat. This problem has become evident in the past 2 years. Agriculture is the foundation of the national economy, and we must pay attention to it all times. We must solve the problem of feeding a population of 1 billion and also gradually change the diet structure and develop animal husbandry. There is not too much grain but too little, and production must be continually developed. Moreover, Yunnan ships in large amounts of grain from other provinces every year. This is not a regular way of doing things. The grain requirements of other provinces are increasing every year, and they too are in difficulty. Yunnan spends several hundred million yuan a year on grain transport costs alone. This money would be a great investment sum if spent on developing agriculture, industry, education, science, and culture.

The provincial party committee and government and the provincial People's Congress Standing Committee are now grasping the grain issue as a major affair. In addition, Yunnan has abundant resources and great potential. I believe that Yunnan will certainly be able to achieve balanced output of grain output by 1990, and may even attain self-sufficiency and a surplus.

On upholding the four cardinal principles and opposing bourgeois liberalization, Wang Rensheng pointed out: Incited by certain people pursuing bourgeois liberalization, a few university students took to the streets to make trouble at the end of last year. This shows that there indeed exists an erroneous ideological trend opposed to the four cardinal principles. It also exposed weakness and confusion in the political and ideological field and revealed problems in our actual work. We must learn the lesson and improve our work.

The struggle to uphold the four cardinal principles and oppose bourgeois liberalization is related to the destiny and future of the party and state, and is a long-term affair. We must persistently carry out this struggle in accordance with the CPC Central Committee's instructions and policies.

On the work of the people's congresses, Comrade Wang Rensheng stressed that the NPC and the local people's congresses must summon up great resolve and devote great energy to further grasping the building of the legal system. The whole of society must cultivate and establish an excellent atmosphere of respecting the Constitution and the law and acting according to law. Every citizen, especially the party members and the party's leading cadres, must all the more act as models in respecting and practicing the Constitution and the law, and do their work within the framework permitted by the Constitution and the law.

In conclusion, he expressed the hope that the provincial People's Congress delegates will take the lead in studying, seriously publicize, and implement in a model way the NPC Standing Committee decision on stepping up legal education and preserving stability and unity, consolidate and develop the excellent situation, and spur the undertaking of building the four modernizations.

XING CHONGZHI ATTENDS HEBEI RURAL WORK MEETING

SK050858 Shijiazhuang HEBEI RIBAO in Chinese 22 Feb 87 p 1

[Excerpts] Recently, the Baoding prefectural party committee held a meeting of township and town party committee secretaries throughout the prefecture to call on the township and town party committee secretaries and leaders of the relevant prefectural departments to find a solution for strengthening and improving the work of the township-level party committees in the course of deepening rural reform through study, consideration, and discussion. More than 1,000 persons attended the meeting. [passage omitted]

At the meeting, Qiao Shizhong, secretary of the prefectural party committee, touched on eight issues, of which the issue of the relationships between focusing the work on economic construction and strengthening the party's self-cultivation, and the issue on how to display the role of the rural party organizations as fighting bastions and the vanguard and exemplary role of the party members aroused the enthusiastic discussions of the comrades present at the meeting. [passage omitted]

On 22 February, Xing Chongzhi, secretary of the provincial party committee, attended the meeting. He said: Since the 3d Plenary Session of the 11th CPC Central Committee, Baoding Prefecture has witnessed profound changes in its rural areas thanks to the hard work of the township cadres. Township work is a very important grass-roots work, and a series of tasks for rural reform and construction can be implemented and fulfilled by the masses through townships. Leaders at all levels should pay attention to building townships and towns, reinforcing their strength, and supplementing necessary staff. We should decentralize power to townships and towns, mobilize their enthusiasm, show concern for the livelihood of township cadres, and genuinely help them solve practical problems. In addition, we should also strengthen the building of rural party branches and exert efforts to solve big and difficult problems concerning the leading bodies in the rural areas.

He said: Comrades working in townships and towns should help the peasants broaden their avenues to become rich, and encourage them not to ignore for a moment the rural economic growth and not to slacken their efforts to tap financial resources to increase peasants' income. We should develop the rural productive forces, increase peasants' income, and speed up the pace of becoming prosperous. Some localities lack the avenues to become rich. We should study the cases of each and every county, township, village, and household and help peasants to embark on a right path. We should do a good job in grasping grain production and township enterprises. The existing township enterprises should be consolidated and improved. As for newly initiated projects, we should persist in seeking truth from facts and managing things carefully. We should inspect the projects and select those that yield the best economic results and have good sales. Furthermore, all localities should proceed from reality and simultaneously develop forestry, animal husbandry, fisheries and other trades.

Comrade Xing Chongzhi encouraged township cadres and leaders at all levels to foster a fine ideology, work style, and enterprising spirit, and to strengthen their sense of responsibility. We should promote the spirit of self-reliance and arduous struggle, do solid work, and pay attention to actual results. We should foster the ideology of wholeheartedly serving the people, always bear the masses in mind, modestly listen to the criticisms and opinions from all quarters, do a good job in building the party style, promote rural reform and construction, and strive to improve the features of the rural areas.

NEI MONGGOL CHAIRMAN STRESSES ECONOMIC WORK

SK271204 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 26 Feb 87

[Text] The regional meeting of league heads and city mayors, which lasted for 5 and 1/2 days, concluded in Hohhot on the morning of 25 February. The meeting conducted conscientious discussions and study on dampening the overheated atmosphere and carrying out an extensive campaign for increasing production, practicing economy, increasing revenues, and reducing expenditures. It called on the cadres and people of various nationalities throughout the region to swing into action; carry forward the fine tradition of hard work, plain living, and building up the country through thrift; overcome difficulties; enhance confidence; fulfill or overfulfill the various production tasks for this year; and usher in the convocation of the 13th party congress and the 40th founding anniversary of the region with outstanding achievements.

The meeting relayed and worked out ways to implement the guidelines of relevant meetings held by the party Central Committee and the State Council. On behalf of the regional government, Comrade Liu Zuohui made an overall analysis and plan for the current economic situation and the work tasks for this year. Further enhancing their understanding and unifying their thinking, the participating comrades unanimously supported the party Central Committee's policy decision on dampening the overheated atmosphere and carrying out an extensive campaign for increasing production, practicing economy, increasing revenues, and reducing expenditures in the economic field, and upholding the four cardinal principles and opposing bourgeois liberalism in the political field, and pledged to fulfill to the letter the concrete tasks for dampening the overheated atmosphere and increasing production and revenues as assigned by the regional party committee and government. They offered specific opinions and demands on how to carry out the campaign, make good arrangements for the economic work of 1987, and develop township enterprises.

Regional Chairman Bu He gave a summing-up report at the conclusion of the meeting. Comrade Bu He first spoke on how to dampen the overheated atmosphere represents an active minor adjustment of the latent factors for instability in economic activities for the purpose of avoiding large turbulence in the future. All localities and departments should take the overall interests into consideration. Our autonomous region has a good tradition in this work, and we should carry it forward. The various specific targets for dampening the overheated atmosphere were decided by the regional party committee and government after prudent study, and you comrades should fulfill them to the letter. The economic targets to be curtailed are mainly those of the region and various leagues and cities. Banner and counties should do their utmost to avoid such acts. However, all of them should reduce their plans for building nonproductive projects, such as offices, auditoriums and hotels, without exception.

Comrade Bu He said: In reducing targets, the general principle is to guarantee sufficient food as well as the key and urgently needed projects. The major one to be reduced are capital construction projects, administrative funds, and other nonproductive spending. Capital construction projects that should be reduced should be stopped resolutely. Planning financial, and banking departments should bring unplanned investment under strict control. The targets for reducing administrative and other nonproductive funds should be fulfilled unflinchingly. All localities should strengthen auditing work and enhance the supervisory role of auditing departments. We should strictly control institutional purchases and strengthen management of unbudgeted funds so as to ensure the needs of the key state and regional projects.

Speaking on the campaign to increase production, practice economy, increase revenues, and reduce expenditures, Comrade Bu He pointed out: China's economic situation has developed soundly over the past few years, but latent factors for instability still exist. The reasons are our demand for inordinately rapid growth and the common practice of extravagance. The only correct method to solve this problem is to cut down targets, increase production, practice economy, increase revenues, and reduce expenditures, which we can see is not an expedient measure but a major issue of long-term significance. He continued: We should recognize that difficulty will exist to a considerable extent in carrying out the abovementioned tasks. However, while fully understanding and correctly treating the difficulties we encounter, we should note our favorable conditions. First, serious miscalculation has not occurred in our endeavor to strengthen and improve control over the macroeconomy over the past few years; and, therefore, economic development has been basically stable and balanced. Second, although we have achieved great results in our economic work over the past few years, our starting point has been low, and there remains great potential to be tapped in promoting technological progress, upgrading product quality, reducing material consumption, increasing the competitive edge of products, and improving economic results. Third, deepening of reform will certainly enable enterprises to gain more vigor. This is, no doubt, beneficial to promoting production as well as to the sound and lasting development of the campaign. Fourth, some capital construction, renovation, and expansion projects will be completed and commissioned one after another this year. This increases our strength to increase production and revenues. What is more recommendable is that preparations for the materials for enterprise production for this year are better than previous years. Fifth, last year's regional conference of banner and county party secretaries and the third session of the fourth regional party committee further confirmed the economic construction policy of developing diverse production with the focus on forestry and animal husbandry, and the plan for developing animal husbandry through grass and tree planting. The enthusiasm of peasants and herdsmen has soared. This year's agricultural and animal husbandry production is expected to be better than last year if there are no extraordinarily serious natural calamities. Sixth, the campaign for increasing production, practicing economy, increasing revenues, and reducing expenditures is an old tradition of ours. Therefore, carrying out this campaign is compatible with our national situation and the people's desire and is wholeheartedly supported by the masses. The people will enthusiastically launch into it. As long as we exercise able leadership, fear no difficulty, and make explorations diligently, the masses of cadres and people will create inestimable benefits through this campaign, change our passive work into a positive one, and turn our unfavorable factors into favorable ones. It is exactly in this sense that we should, at present and in the future, regard this campaign as an important strategic task and carry it out perseveringly on a long-term basis.

Comrade Bu He stressed in his speech the need to conscientiously study and implement the series of important documents of the party Central Committee and carry out the struggle to oppose bourgeois liberalism in a sustained and healthy manner. He also gave important opinions on the preparations for celebrating the 40th founding anniversary of the autonomous region.

SHANXI MEETING PROMOTES LEGAL EDUCATION

HK280601 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 27 Feb 87

[Excerpt] A provincial conference on propaganda and education in the legal system, convened by the provincial party committee, opened in Xinzhou on 27 February. The conference will focus on implementing central Document No 6 and the NPC Standing Committee decision on stepping up legal education and preserving stability and unity. It will also implement the spirit of the second national conference on propaganda and education in the legal system, and further promote legal education centering on the Constitution. [passage omitted]

JILIN PEOPLE'S CONGRESS COMMITTEE MEETING ENDS

SK030528 Changchun Jilin Provincial Service in Mandarin 2200 GMT 2 Mar 87

[Text] The 2-day 24th Standing Committee meeting of the 6th provincial People's Congress ended in Changchun on the afternoon of 2 March. Chairman Zhao Xiu presided over the meeting.

The meeting participants discussed and adopted a work report of the provincial People's Congress Standing Committee, and elected (Wang Yi) vice chairman of the Credentials Committee of the 6th provincial People's Congress Standing Committee through a by-election. They also discussed and adopted a report submitted by the Credentials Committee of the 6th provincial People's Congress Standing Committee on the examination of deputies' credentials, a draft namelist of the Presidium and secretary general and deputy secretaries general of the fifth session of the sixth provincial People's Congress, a draft namelist of the members of the Motions Examination Committee of the fifth session of the sixth provincial People's Congress, and a draft namelist of the members of the Budget Examination Committee of the fifth session of the sixth provincial People's Congress.

The meeting also discussed and adopted the draft schedule of the fifth session of the sixth provincial People's Congress.

Huo Mingguang, Liu Cikai, Cheng Shengdan, Cui Lin, Wang Jiren, Yu Ruihuang, Dong Su, Renqin Zhamusu, Zhu Jinghang, and Xu Yuancun, vice chairmen of the provincial People's Congress Standing Committee, and the committee members, a total of 38 persons, attended the meeting.

Wang Hongmo, president of the provincial Higher People's Court; Li Xiangwu, chief procurator of the provincial people's Procuratorate; responsible persons of the relevant provincial government department; and responsible persons of various city and autonomous prefectural People's Congress Standing Committees, the provincial People's Congress Standing Committee, and the Baicheng Prefectural Office attended the meeting as observers.

LIAONING'S QUAN SHUREN MEETS WITH ENTERPRISERS

SK030725 Shenyang LIAONING RIBAO in Chinese 17 Feb 87 p 1

[Excerpts] At the first annual meeting of the provincial Enterprisers' Association which ended on 16 February, Quan Shuren, secretary of the provincial party committee, said: We hope that large and medium-sized enterprises will march in the forefront of reform, opening to the outside world, and the invigoration of economy; we hope that large and medium-sized enterprises will march in the forefront of scientific and technological progress, modernized management, and of earning foreign exchange through exports; and we place our hope on enterprisers of various large and medium-sized enterprises. This is the hope of the people throughout the province. Comrade Quan Shuren stressed: We should not drag the opposing of bourgeois liberalism on the ideological front into the economic front, nor should we engage in "leftist" things. We should continue to firmly and unservingly adhere to the principles of reform, opening to the outside world, and invigorating economy. At present, in the provincial economic sphere, the "leftist" influence formed over the past many years has not yet been thoroughly eliminated. The renewal of our concepts and the strengthening of reform that we stressed in the preceding stage cannot be regarded as wrong, because what we renewed were outmoded ideas unsuitable for building a socialism with Chinese characteristics. [passage omitted]

This meeting was held in Shenyang from 14 to 16 February. More than 200 outstanding enterprisers of our province attended the meeting to commonly discuss measures for promoting reform, opening to the outside world, and invigorating economy and the measures for revamping Liaoning's economy. [passage omitted]

During the meeting, the second board of directors of the provincial Enterprises' Association was elected. Quan Shuren and Li Changchun were elected honorary directors of the association; Chen Suzhi was elected director; and Ji Zhong, Xin Huanwen, Wang Yachen, Li Huashong, Xu Youpan, Ma Junchen, Li Chunfang, Zhang Linsheng, Zhang Wenda, Tang Qiansan, Lan Chongde, Sun Zhongcheng, Dong Shijie, Yin Jiuwen, Zhao Xiyu, and Xu Guolu were elected deputy directors.

The meeting raised a proposal to the people throughout the province with regard to increasing production and practicing economy, increasing revenue and cutting expenditures, and comprehensively improving economic results.

LIAONING PROVINCIAL RURAL WORK CONFERENCE ENDS

SK280426 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 27 Feb 87

[Text] The 7-day rural work conference of the provincial party committee ended in Shenyang on 27 February. The conference comprehensively relayed the guidelines of the central rural work conference; conscientiously studied the 1987 central document No 1 and the speeches given by the leading central leaders; systemically exchanged the experiences of Shenyang City in using the urban areas to promote townships, conducting lateral economic cooperation, operating rural industrial enterprises to support agricultural production, strengthening the agricultural foundation, carrying out intensive farming, providing multilayered serialized services for various departments, and coordinately developing the urban and rural areas; and introduced the experiences of Benxi City and Changtu and Haicheng Counties in deepening rural reform and developing the commodity economy in a planned manner. The participants visited the second provincial technological exchange and transaction meeting, held a press conference to exchange views on urban and rural lateral cooperation, discussed and revised two documents of the provincial party committee and government on their suggestions for stably developing grain production, and some policies and regulations on developing lateral economic and technological cooperation in the urban and rural areas, and on running township enterprises.

One of the distinctive features of this conference was that it was not only attended by comrades responsible for rural work but also by comrades from the departments in charge of economic and technological work and from various departments concerned. They jointly studied rural issues. This set a precedent for the people in caring for agriculture and serving the development of the rural commodity economy. This conference played an active role in soundly developing the province's rural commodity economy in a planned manner.

Leading comrades of various cities and counties present at the conference reflected that our province's rural areas have good potential for development, and this has provided them with a strong confidence in developing the rural commodity economy.

Attending this conference were leading comrades of the provincial party committee, the provincial government, the provincial People's Congress Standing Committee, and the provincial CPPCC Committee, including Quan Shuren, Li Changchun, Sun Qi, Feng Yousong, Wen Shizhen, and Yue Weichun. The conference was presided over by Sun Qi, deputy secretary of the provincial party committee. Li Changchun, deputy secretary of the provincial party committee and acting governor, gave a summing-up speech at the conference.

GANSU'S LI ZIQI INSPECTS ENTERPRISES, FACTORIES

HK261506 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 25 Feb 87

[Excerpts] On the morning of 25 February provincial party committee Secretary Li Ziqi and Governor Jia Zhijie performed their official duty at the Lanzhou Chemical Industry Company, helping the enterprise to carry out in-depth reform and helping to launch an extensive drive to increase production, practice economy, increase income, and reduce expense.

Since the beginning of this year, the Lanzhou Chemical Industry Company responded to the call issued by the CPC Central Committee and the State Council on launching a drive to increase production, practice economy, increase income, and reduce expense. [passage omitted]

Li Ziqi fully affirmed the measures taken and the arrangements made by the Lanzhou Chemical Industry Company to increase production, practice economy, increase income, and reduce expense. Then he pointed out that it is necessary to further conduct positive education among workers in upholding the four cardinal principles and fighting bourgeois liberalization, so as to deepen their understanding of the drive to increase production, practice economy, increase income, and reduce expense, to continuously carry forward the fine tradition of working hard and practicing thrift, to oppose waste and extravagancy, and to achieve practical results in the drive.

He demanded that the Lanzhou Chemical Industry Company link the drive to increase production, practice economy, increase income and reduce expense with the province's grain production, and produce more chemical fertilizer and plastics for agricultural use to support agricultural production.

On the afternoon of 25 February Li Ziqi and Jia Zhijie also went to the Lanzhou Aluminum Plant and the Lanzhou Plate Glass Plant to examine how the two plants have launched the drive to increase production, practice economy, increase income, and reduce expense.

Inspection Continues

HK020428 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 27 Feb 87

[Report by station reporter (Liu Jiuxiang)]

[Excerpts] Leading comrades of the provincial party committee and the provincial government today continued touring some enterprises in Lanzhou to acquaint themselves with these enterprises' drive to increase production and practice economy and increase revenue and reduce expenditure.

In connection with the poor quality and high price of its raw and semifinished materials, the No 2 Lanzhou Woolen Mill began in November last year to mobilize the drive to increase production and practice economy and increase revenue and reduce expenditure [passage omitted]

Leaders of the provincial party committee and the provincial government listened to the mill's achievements. Li Ziqi, secretary of the provincial party committee, praised the mill for grasping the work early and taking actions quickly. Provincial Governor Jia Zhijie stressed: We must improve product quality, increase the number of high-grade products and the variety of colors and designs, and deepen the reform of enterprises.

The Lanzhou Steel Plant is currently unfolding the mass drive to increase production and practice economy and increase revenue and reduce expenditure in an all-round way. The plant has adopted many measures to achieve increases. [passage omitted] Provincial Governor Jia Zhijie called on the plant to do well in fulfilling these tasks. During their visit to the plant, the provincial leaders also visited steel making and rolling workshops. Li Ziqi hoped that the steel plant will further promote civilized production in close connection with the drive to increase production and practice economy.

The Lanzhou Water Pump Factory, which is operated by lease, has recently taken active actions to promote the mass drive.

Leading comrades of the provincial party committee and the provincial government have spent 3 days inspecting enterprises, with the main purpose of acquainting themselves with the implementation of the spirit of the enlarged meeting of the provincial government and the promotion of the drive to increase production and practice economy and increase revenue and reduce expenditure in enterprises, so as to assist enterprises in solving their existing problems. Leaders of the provincial party committee and the provincial government stressed during their visits to various factories over the past days: We must mobilize the masses, set feasible and realistic targets, do well in implementing all tasks, and score achievements in this regard so as to improve the management of enterprises and constantly deepen the reform.

QINGHAI SECRETARY, GOVERNOR AT NEW YEAR PARTY

OWO20312 Beijing XINHUA Domestic Service in Chinese 1634 GMT 28 Feb 87

[Text] Xining, 28 Feb (XINHUA) — Outfitted in their festive best, over 300 Tibetan nationality compatriots of Xining, Qinghai, met at a get-together today to celebrate the Tibetan New Year's Day.

There are some 800,000 Tibetan nationality compatriots in Qinghai Province who mainly reside in the six autonomous prefectures of Yushu, Golog, Haibei, Hainan, Haixi, and Huangnan.

At the get-together, Huanjiecailang, deputy secretary of the Qinghai Provincial CPC Committee, and other cadres of Tibetan nationality exchanged New Year's greetings with Yin Kesheng, secretary of the provincial party committee; Song Ruixiang, provincial governor; and other party, government, and military leaders.

In his congratulatory speech, Liu Feng, deputy secretary of the provincial party committee, said: The valiant and industrious Tibetan people who have lived on the Qinghai-Xizang plateau for so many generations, have created their own brilliant history and culture and made important contributions in developing and building up Qinghai together with people of other fraternal nationalities.

Cai Dan, chairman of the provincial Nationalities Committee and a Tibetan nationality cadre, read at the meeting a cable from Bainqen Erdini Qoigyí Gyaincain, vice chairman of the NPC Standing Committee, extending his New Year's greetings to the Tibetan nationality compatriots in the Xining area.

COMMENTARY ASSESSES SHULTZ' MAINLAND CHINA VISIT

OWO40517 Taipei Domestic Service in Mandarin 2300 GMT 2 Mar 87

[Station commentary: "Shultz's China Visit"]

[Text] This morning, U.S. Secretary of State Shultz will meet with Teng Hsiao-ping in Peiping. He is the first U.S. secretary of state to visit Mainland China since Hu Yaobang's downfall. Shultz' current visit is a little different from past visits by other U.S. officials to the mainland. It may be said that the past visits were made with the aim of understanding Mainland China so as to study and plan foreign policy. But Shultz is visiting Peiping this time because there have occurred on the mainland some internal problems that are so full of contradictions, that the U.S. Government is baffled and unable to estimate the extent of the contradictions. Therefore, Shultz has traveled to the mainland in person to meet with Teng Hsiao-ping in order to understand future development of the situation on the mainland. Teng Hsiao-ping is also anxious to have conversations with Shultz. This shows that the Chinese Communists also attach importance to Shultz' visit. However, the two sides have different questions on their minds.

According to information from various sources, the anti-CPC movement for democracy and freedom launched by intellectuals across the mainland has compelled Teng Hsiao-ping to emerge from behind the scenes to remove Hu Yaobang from his position and immediately launch an all-out campaign to purge high-level intellectual cadres. But how can the CPC prevent the intellectuals from thinking of negating communism and favoring democracy and freedom, particularly when their thoughts have been turned into actions by CPC cadres and youths on the mainland?

What upsets Teng Hsiao-ping the most is the fact that he is well aware that the widespread anti-Communist Party movement throughout the mainland has broken out as a result of the policy of opening to the outside world, reform, and so-called modernization that he himself initiated. For years he has been trying to trick the world under the guise of the open-door policy and reform and to take advantage of the world situation to achieve internal stability of the CPC. At the same time, he has played united front tricks on the Republic of China, a bastion of rejuvenation. Least of all did Teng Hsiao-ping expect these maneuvers and tricks, which he believed to be highly ingenious and clever, to be the death knell for the CPC regime in less than 5 years. Therefore, it has become Teng Hsiao-ping's most difficult problem to explain to Shultz how he has come to make a mess of the policy of opening to the outside world and reform that he himself initiated.

From the basic standpoint of the United States, the struggle for democracy and freedom, and especially the negation of the communist system, on Mainland China should affirm the achievements of the antislavery policy put forward by U.S. President Reagan. Therefore, on this trip Shultz does not hold many expectations.

In light of the current world situation we can say that of all the regions in the world controlled by communist regimes, Mainland China will certainly be the first to overthrow communist rule and become free because the anti-communist force on Mainland China has more [words indistinct] than any other communist-controlled region.

The current situation is beyond Teng Hsiao-ping's power to save. Still, Teng Hsiao-ping emphasizes the need to continue the policy of opening to the outside world and reform. [words indistinct] To the United States, what really deserves rejoicing is that a large-scale, anti-communist movement is taking place on Mainland China. We think that the United States should continue to adhere to [words indistinct] so that the anti-communist movement on Mainland China may [words indistinct] enabling Mainland China to get rid of communist rule.

OPPOSITION PROVOKES FRACAS IN LEGISLATIVE YUAN

OW0270926 Taipei CHINA POST in English 24 Feb 87 p 12

[Text] Twelve newly elected legislators of the opposition Democratic Progressive Party [DPP] turned the oath-taking ceremony at the Legislative Yuan yesterday into a scene of pandemonium, eyewitnesses said.

The witnesses said when the ceremony began, Chan Chun-hsiung, a DPP member elected in Kaohsiung, rushed to the podium, asked for microphone and demanded a chairman be elected to preside over the ceremony.

In the past, the ceremony had been presided over by the Legislative Yuan's president while the actual administration of the oath of office was done by the Grand Justice. The yuan's president, Neih Wen-ya, who attended yesterday's ceremony, did not offer to act as chairman. However, ROC [Republic of China] law does not stipulate that the ceremony requires a chairman, Grand Justice Li Chung-sheng said.

Chang also demanded the parliament's Credentials Committee, which is responsible for examining credentials of Legislators, report its findings on the credentials of 99 legislators elected last December.

When interpellations begin today, DPP parliamentarians had planned to question the legality of some fellow legislators holding dual citizenship. But the DPP legislators could not participate in the interpellations because they had not been sworn in.

Chang was joined on the podium by six other DPP members including Yo Ching, Wang Yi-hsiung, Huang Wang-hsiung, Chu Kao-cheng and Hsu Jung-hsu.

Kuomintang legislators below the stage shouted, "get down," "what are you doing," and "rubbish." Several KMT [Kuomintang] lawmakers also stepped up onto the stage and tried to grab the microphone from DPP legislators.

The KMT legislators almost came to blows with their DPP counterparts who tried to bar Grand Justice Li from swearing in the legislators for their three-year term. DPP legislator Yo Ching questioned the eligibility of the Grand Justice to administer the oath to newly elected legislators.

When it was announced that the Grand Justice would administer the oath, legislators off the stage sang the national anthem. And when legislators off the stage were asked to bow to the portrait of the late Dr Sun Yat-sen, the nation's founding father, the commotion suddenly died down. But after taking their bows, the DPP legislators resumed shouting their demands while the oath-taking ceremony took place.

Nieh, Liu Re-elected

OW280305 Taipei CNA in English 0234 GMT 28 Feb 87

[Text] Taipei, Feb. 27 (CNA) — Neih Wen-ya and Liu Kuo-tsai were overwhelmingly re-elected president and vice president of the Legislative Yuan of the Republic of China [ROC] Friday.

Nieh was elected with 264 votes, 88.88 percent of the total votes cast, for another three-year term as president of ROC's highest law-making body. Hsu Jung-shu, a candidate nominated by the so-called "Democratic Progressive Party," had 14 votes.

Liu won 235 votes, 80.76 percent of the total votes cast, in the vice presidential election Friday. Votes for other candidates included 13 for "DPP" legislator Wu Shu-chen, 12 for KMT [Kuomintang] legislator Wu Tzu, [and] five each for Hsu Sheng-fa and Liu Hsing-shan.

Nieh told reporters after the election that he will continue to strengthen the functioning of the parliament and to promote democracy in line with the principles of justice and impartiality. Nieh, 82, of Chekiang Province, has been president of the Yuan since 1972.

The elections were conducted in a harmonious atmosphere, but a small incident occurred outside the Yuan when a group of people tried to block some "DPP" legislators from entering the Yuan to cast their votes in a protest against what they called the "irrational acts" of the "DPP" legislators in the opening session of the Yuan earlier this week.

More Violence

OW031437 Taipei CHINA POST in English 28 Feb 87 p 12

[Text] Over 200 members of two extreme right-wing organizations demonstrating outside the Legislative Yuan yesterday morning attempted to block opposition legislators from entering the building to elect a yuan president and vice president, eyewitnesses said. Taipei Deputy Police Chief Chang Ping-heng was cut in the face as he escorted a legislator into the yuan.

The incident began as members of the "Patriotic Society of All the People" and the "Patriotic Anti-Communist Front" refused to give way to Hsu Kuo-tai, one of the 12 newly elected legislators of the opposition Democratic Progressive Party, [DPP] the witnesses said. The right-wing protestors claimed the 12 DPP legislators were not qualified to vote because they had boycotted an oath-taking ceremony Tuesday.

Hsu, brother of exiled dissident Hsu Hsin-liang, failed to break through the human blockade, the witnesses said. He was later escorted through a side entrance, they said. The local Chinese-language INDEPENDENT EVENING NEWS said Hsu was punched once, but this could not immediately be confirmed.

Other DPP legislators went into the building through the side gate.

Chu Kao-cheng, another DPP legislator, charged out of the building and challenged the right-wing protestors when he heard that Hsu was being intimidated by the mob. The protestors cursed Chu as a "traitor" and a "cl:sen." [as received] They shouted, "Those who want Taiwan Independence get out." Under police protection, Chu cursed the protestors, waved his fist and re-entered the building, the witnesses said, after protestors tore his jacket.

Later in the day, the right-wing organizations issued a press release claiming they had remained "rational" despite Chu's "challenging them to a one-on-one." Taipei Deputy Police Chief Chang Ping-heng sustained a cut on his face when he escorted Chu into the building, they said.

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No arrests were made, police said. The Taiwan Garrison Command said it will investigate the incident before making its next move.

In the afternoon, several DPP supporters voiced their support for the opposition party outside the Legislative Yuan after the right-wing demonstrators had dispersed. Meanwhile, the DPP lodged a protest with authorities for failing to maintain order.

Reliable sources said Kuomintang and DPP legislators met yesterday afternoon to resolve the issue, but the results of their talks were not immediately known.

Leading Officials Sworn In

OWO21015 Taiwan CNA in English 0937 GMT 2 Mar 87

[Text] Taipei, March 2 (CNA) -- Nieh Wen-ya and Liu Kuo-tsai were sworn in Monday as the president and vice president of the Legislative Yuan.

The oath-taking ceremony, officiated by Grand Justice Shih Hsi-en, was witnessed by more than 200 legislators.

Nieh and Liu pledged to abide by the law, to be loyal to their duties and the nation, not to abuse their power and not to waste public funds.

They were re-elected to the presidency and vice presidency for another three-year terms.

Some leading government and Kuomintang officials visited the Legislative Yuan to congratulate Nieh and Liu.

PREMIER YU ADDRESSES OPENING OF 79TH LEGISLATURE

OWO21409 Taipei CHINA POST in English 25 Feb 87 p 12

[Text] Amid disruptions created by legislators of the opposition Democratic Progressive Party, Premier Yu Kuo-hua yesterday addressed the opening session of the Legislative Yuan.

In an oral report to the 79th session of the Yuan, Yu outlined the steps the ROC [Republic of China] is taking to implement "A new era of constitutional democracy," despite facing what he called a continuing "grave menace" from the Chinese Communists on the mainland.

Yu listed such recent decisions as the lifting of martial law, the participation of more political entities in the governing process, and a program of "Liberalization and internationalization," as moves aimed to promote the general welfare and the nation's status in the world community. He pointed to the open and active competition between candidates of opposing views in recent elections as evidence of progress in modernizing the ROC as a democratic society with a constitutional government.

In his remarks, the premier took pains to stress that although he believed most citizens of the ROC on Taiwan identify and approve of what the government is doing, not everyone can be pleased.

"The government is not almighty, and its administrative measures are unlikely to meet everyone's demands," he said. [paragraph continues]

"Our government, however, has always made national interests and the people's welfare its top priority (and) we believe, therefore, that anyone who attempts to fulfill one's own purpose or personal advocacy by attempting to break up the social order will not be accepted by our society."

The Premier said that, as citizens of a democratic country with a government bound by the Constitution of the Republic of China, the people of the ROC are expected to "abide by the rules" in exercising their rights and freedoms out of respect for the rights and freedoms and desires of their citizens. These rules, he said, are the national policy of anti-communism and observance of the Constitution.

The Premier told the Legislative Yuan that the "common expectations of all the Chinese, both at home and abroad, have charged the government with the sacred responsibility to protect the security and interests of the 20 million people in the Taiwan area and the historical mission of helping the billion compatriots on the mainland pursue freedom and democracy."

He said the steps already taken that have led to a booming ROC economy and development point to more of the same in the new year. "The prosperity and progress in Taiwan as a result of our efforts in carrying out reconstruction under the Three Principles of the People have increasingly been in sharp contrast with the poverty and backwardness on the Chinese mainland under the Communist rule," he said.

In summing up the unrest in the world, especially the regional wars and disturbances in the Middle East, Africa, and Central and South America, the premier said he believes that the key to world security today is centered in the western Pacific and that the national defense power of the Republic of China is the vital link in the "Anti-Communist China" on which that security depends.

Also, he said, the political and economic development and the social security of the Republic of China is exercising the most powerful influence on the desire for freedom and democracy of people on mainland China.

"The essence of communism will never change and there can be no such distinction as good or bad communism," he said. "The Free World should not be deluded into joining hands with the wolf against the tiger. Only by the united efforts of the whole world to thoroughly destroy communism can mankind see the light of peace," the premier said.

In regard to the oft-termed "economic miracle" on Taiwan, Premier Yu noted that the ROC jumped from sixth to third in "Euromoney's" evaluation of the economic performance of 118 countries in 1986. "Last year was a year of rich harvest for our country's economy. The economic growth rate amounted to 10.8 percent, the average per capita gross national product amounted to U.S. \$3,748, commodity prices remained stable and the unemployment rate dropped as low as 2.7 percent," he said.

He also noted that the ROC has become the fourth largest goods supplier of the U.S. and that the economic growth rate on Taiwan this year is expected to be about 8 percent with a rise in the per capita GNP to U.S. \$4,335.

"We are confident that in the next several years we will be able to cultivate more world-class talent in academic research and to fully apply the potential to push forward the country's economic growth, become self-reliant in regard to our national defense, and further the wellbeing of our citizens," he said. "Our current mission, as well as our basic national policy, is to develop Taiwan and reunite the whole of China," he said.

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